CANADA. PARLIAMENT HOUSE

DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

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FOURTH SESSION—EIGHTEENTH PARLIAMENT

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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1939

CANADA

House of Commons Debates

OFFICIAL REPORT

Thursday, January 12, 1939

FOURTH SESSION—EIGHTEENTH PARLIAMENT—OPENING

The parliament which had been prorogued from time to time to the twelfth day of January, 1939, met this day at Ottawa, for the dispatch of business.

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

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

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

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

Accordingly the house went up to the Senate chamber.

And the house being returned to the Commons chamber:

VACANCIES

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

Of Frederick Cronyn Betts, Esquire, member for the electoral district of London, by decease;

Of Alexander McKay Edwards, Esquire, member for the electoral district of Waterloo South, by decease;

Of Samuel William Jacobs, Esquire, member for the electoral district of Cartier, by decease;

Of David Wilson Beaubier, Esquire, member for the electoral district of Brandon, by decease.

I accordingly issued my several warrants to the chief electoral officer to make out new writs of election for the said electoral districts, respectively.

NEW MEMBERS

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

Of Peter Bercovitch, Esquire, for the electoral district of Cartier;

Of Karl K. Homuth, Esquire, for the electoral district of Waterloo South;

Of the Hon. Robert James Manion, for the electoral district of London;

Of James Ewen Matthews, Esquire, for the electoral district of Brandon.

NEW MEMBERS INTRODUCED

Hon. Robert James Manion, member for the electoral district of London, introduced by Mr. Robert Smeaton White and Hon. Earl Lawson.

Peter Bercovitch, Esquire, member for the electoral district of Cartier, introduced by Right Hon. W. L. Mackenzie King and Hon. Fernand Rinfret.

James Ewen Matthews, Esquire, member for the electoral district of Brandon, introduced by Right Hon. W. L. Mackenzie King and Hon. T. A. Crerar.

Karl K. Homuth, Esquire, member for the electoral district of Waterloo South, introduced by Hon. R. J. Manion and Hon. H. A. Stewart.

HON. R. J. MANION

CONGRATULATIONS UPON HIS ELECTION AS LEADER OF THE NATIONAL CONSERVATIVE PARTY AND OF HIS MAJESTY'S LOYAL OPPOSITION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, with your permission and the permission of hon. members of the house, I should like to extend to my hon. friend immediately opposite (Mr. Manion), not only personally but on behalf of all hon. members, very warm congratulations upon assuming, as he does to-day, the office of leader of His Majesty's Loyal Opposition in

this House of Commons. I should like to renew as well the congratulations I previously extended to him on his having been chosen on July the seventh of last year as the leader of the National Conservative Party of Canada, and upon the confidence thereby expressed in him on the part of members of his party.

My hon. friend will not expect me to say anything at the present time with respect to his leadership either of the opposition or of the Conservative party. No doubt I shall have occasion to refer to both from time to time as we go along. I should like, however, to say to him at once how pleased I am, and I am sure I can say the same on behalf of all hon. members who were associated with my hon. friend in previous parliaments, to see him again in the House of Commons.

My hon. friend brings to the two positions which he now holds personal attainments and professional achievements of a high order, a wide and quite exceptional parliamentary experience, and, also, in other ways, a long and intimate association with the public life of our country. I am sure I may say to him that in the discharge of his responsible duties as leader of the opposition he will have the understanding and the goodwill of members of all parties in this house. Personally may I extend to him in the position he now holds my very best wishes.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like to express to my right hon. friend (Mr. Mackenzie King) my very sincere and deep appreciation of the kindly and courteous manner in which he has welcomed me to the house. May I extend as well to the whole house my deep appreciation of the generous reception which they have given me on my reentrance, after an absence of three or four years.

I realize, of course, that the acclaim which I am given is not personal, but is a recognition of the position which I have the honour to hold of leader of one of the great parties of Canada. It is a recognition also of the constituency of London, which at the moment I have the honour to represent, some of my friends in which constituency were good enough to send this gorgeous bouquet of roses which stands here to-day before me.

In expressing my appreciation of the remarks of the right hon. gentleman I desire at the same time to commend his invariable courtesy in all the amenities of parliamentary life. I have been associated with him—perhaps I should say associated against him—for very many years. He and I have crossed swords probably more often than any other two members in this house; but in spite of all that, if he will permit me to say so, we have ever remained good friends. I did say before the Canadian Club on one occasion that this fact probably speaks more to his credit than it does to mine, because I am rather a more rough and tumble fighter and he has therefore more to forgive.

I assure you, Mr. Speaker, that I am also deeply conscious of the responsibilities and the heavy duties of the position which I am attempting to fill, and I do hope that in the discharge of those duties in this house I shall always live up to the traditions of fair play which are accepted and adhered to by those who, opposing each other in public affairs, believe in the better elements of public life.

One of the things of which I feel rather proud is the fact that after so many years in this house, nearly twenty, and many bitter fights, I believe—in fact, at the moment I am sure—that I can count more friends on the other side of the house than I do on this side. Of course, it will not be the same after the next election.

I hope that in serving in this house as leader of His Majesty's Loyal Opposition I may fill the office in such a manner as never to cause hard feelings. It is also my hope that while serving Canada through my party in this house I may always assist in the facilitation of public business. And—if I may express one last hope—I trust that I shall fill my position so well that the right hon. gentleman will shortly be willing to change places with me.

OATHS OF OFFICE

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved for leave to introduce Bill No. 1, respecting the administration of oaths of office.

Motion agreed to and bill read the first time.

GOVERNOR GENERAL'S SPEECH

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

Honourable Members of the Senate:

Members of the House of Commons:

The announcement that Their Majesties King George VI and Queen Elizabeth have graciously decided to visit Canada in the months of May and June has been received with rejoicing throughout the dominion. The honour of welcoming their king and queen, in person, on their own soil, is a privilege which will be shared with enthusiasm and pride by all His Majesty's Canadian subjects. The visit will be

the first paid by the reigning sovereign to any of his self-governing dominions. It will be the first time a British king and queen have been in North America. It is deeply gratifying that their majesties' tour will embrace all the provinces of Canada.

The official visit paid Canada in August last by the President of the United States was the occasion of unusually warm demonstrations of friendship and understanding upon both sides of our common border. It is particularly pleasing to the citizens of our country that the king and queen have found it possible to accept the invitation of the president to visit the United States before the conclusion of their Canadian tour.

My ministers have found it necessary to give anxious and continuous consideration to developments in the international situation and their effects upon Canada. Our own relations with other countries continue friendly, but the aggressive policies actively pursued in other continents have inevitably had a disturbing effect upon every part of the world.

The government shared in the general sense of relief that the appalling disaster of war, which threatened Europe during the month of September last, was averted, and in the recognition which that crisis manifested of the widespread will of the peoples for peace. They are hopeful that the efforts now being made to find a solution for the specific differences which are causing friction will meet with success. They recognize, nevertheless, that time is required for these forces to work, and that the possibility of further tension in the meantime must be faced. In this situation, the government have considered that the uncertainties of the future, and the conditions of modern warfare, make it imperative that Canada's defences be materially strengthened.

Two years ago, the appropriations for defence were substantially increased, and a beginning made on a program of modernization to safeguard the country from the dangers of attack. The government intend to pursue this policy vigorously, and to propose to parliament that the program of defence should be further augmented, and that particular emphasis should be laid upon air defence.

Legislation will be introduced to establish a defence purchasing board with power to purchase equipment for the defence services and to ensure that, where private manufacture is necessary, profits in connection with such are fair and reasonable, and that the public interest is protected.

While taking the measures necessary to assure the maintenance of our national integrity against the possibility of external aggression, the government have sought in positive ways to strengthen the mutual interests which unite Canada in friendly relations with other countries.

You will be asked to approve the trade agreement with the United States of America, signed at Washington on November 17, 1938. This agreement fulfils the hope expressed in the speech from the throne, last year, for an agreement with the United States, which would confirm and enlarge the advantages of the agreement concluded in 1935.

Simultaneously with the conclusion of the new agreement between Canada and the United States, a far-reaching agreement was effected between the United States and the United Kingdom. Taken together, the agreements constitute a constructive contribution toward a betterment of world conditions. It is deeply gratifying to the government that in their efforts to increase, and to ensure over a longer period of time, the advantages to Canadian producers and consumers secured in earlier agreements, they were able, at the same time, to further the ends of international goodwill.

The Canada-United States agreements have involved, in addition to the wider markets secured for Canadian products, a thoroughgoing revision of the Canadian tariff structure, and a reduction of taxes on trade much greater than that made by any previous parliament, or by any other country in recent years.

Notice has been given, effective December 31, 1939, terminating the Canada-West Indies agreement concluded in 1925. My ministers hope that negotiations will shortly be entered upon leading to a new agreement which will be mutually beneficial to the West Indian colonies and to Canada. In connection therewith the tariff board has been directed to make a careful examination of the sugar preferences and duties.

Unemployment in Canada continues to receive the unremitting attention of local, provincial and federal authorities. Having regard to the existing division of powers and obligations under the British North America Act, responsibility for unemployment and the solution of its problems is necessarily divided. There has been an increasing assumption of obligations on the part of the federal government.

Employment in war industry and the regimentation of masses of men for purposes of war have, to appearances, afforded in some countries a solution of their problem of unemployment. In Canada other methods of dealing with the problem have been followed.

The dominion government have taken active measures to stimulate private employment through the home improvement plan, the National Housing Act, and the Municipal Improvements Assistance Act. Under these measures certain local taxes have been assumed, and loans made to individuals, organizations and municipalities. The sales tax has been eliminated on important building materials. Special aid has been given to the mining industry by subventions, tax exemptions and improved transportation facilities. At the same time, direct employment has been increased through a substantial expansion of federal public works, and through assistance given to the provinces in the construction of highways, for land settlement, for special projects for farm employment and for forest conservation.

Provision has been also made by the dominion government for grants-in-aid to the provinces to assist in the care of those suffering from unemployment and agricultural distress.

The various measures adopted to stimulate employment and afford relief to those in need have operated most successfully in those provinces which have supported them with full cooperation.

In Canada, the problem of unemployment has been aggravated in recent years by recurrent crop failures in the western provinces, and by the serious business recession experienced in the last year in other parts of the world. The intensification of the problem has set forth in bold relief the obstacles which the existing division of constitutional authority places in the way of a solution.

The report of the commission on dominion-provincial relations will be presented to parliament in the course of the present session. In accordance with the purpose for which the

commission was instituted, its report will provide the basis for, and the material essential to the deliberations of a national conference, at which, among the important subjects to be dealt with, will be the problem of unemployment and social services generally. The government have not altered their view that a national unemployment insurance scheme is essential to a permanent policy of meeting the problem of unemployment.

My ministers recognize that the plight of those who are still unemployed cannot await necessary constitutional amendments, nor the summoning of any conference. They are prepared therefore, notwithstanding constitutional impediments to effective action, to join with the provinces in a further determined effort to meet the immediate situation.

To this end it is proposed further to expand the government's long range program of public undertakings. In pursuance of the policy of the active encouragement of employment, it is also proposed to undertake, with provincial co-operation, to provide assistance to municipalities which, as an alternative to the provision of direct relief, desire to expand their normal programs of civic improvements.

As a means of providing an opportunity for useful work and national service to single unemployed men, the assistance given to forest conservation will be extended to include other work of national importance.

The beneficial results of the youth training program, have demonstrated the wisdom of this experiment, and a measure will be introduced to increase its efficiency and expand its usefulness.

Notwithstanding the embarrassments and handicaps encountered in coping with the problem of unemployment, it is gratifying to be able to record that, during the past year, there has been a material reduction in the number of those receiving agricultural aid, and a reduction also in the total number of those receiving public assistance due to unemployment and agricultural distress. At the beginning of the present winter the number of those receiving such public assistance was almost forty per cent less than two years ago. Over the same period the number of persons actually in employment has largely increased.

Continuous improvement in the position of the fishing industry as a whole has been reflected in annual increases for the past few years in the aggregate amounts received by the fishermen from their work. The Department of Fisheries have given, and will continue to give, increased attention to the problem of marketing. The government have also assisted fishermen substantially through direct aid.

In order to avert economic disaster to a large part of our population, my ministers, under the terms of the Wheat Board Act, approved, for the current crop year, an initial payment for wheat as recommended by the board.

The prairie farm rehabilitation plan will be continued, the experience of the past year having demonstrated its efficacy in improving the agricultural areas of the west.

Bills will be introduced to regulate grain exchanges along the lines laid down in the report of the royal commission on grain marketing, to revise the Canada Grain Act, and to assist further in the marketing of farm products.

The Trans-Canada Airways will shortly provide a passenger service, in addition to the air mail and air express services already in operation. Preparations for the inauguration of the transatlantic air service are being actively continued in collaboration with the governments of the United Kingdom and of Ireland.

In order to implement the recommendations of the royal commission to investigate the penal system of Canada, a bill to appoint a commission to administer the penitentiaries will be again introduced.

Other legislative proposals will be laid before you and proceeded with as time and opportunity offer.

Members of the House of Commons:

The estimates for the public service, together with the public accounts, will be laid before you.

Honourable Members of the Senate:
Members of the House of Commons:

In this critical time of the world's affairs, I pray that Divine Providence may guide and bless your deliberations.

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the speech of His Excellency the Governor General to both houses of parliament be taken into consideration on Monday next, and that this order have precedence over all other business, except the introduction of bills, until disposed of.

Motion agreed to.

STANDING COMMITTEES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That a special committee consisting of Messrs. Casselman, Gray, Mackenzie (Vancouver), Power and Woodsworth, be appointed to prepare and report with all convenient speed, lists of members to compose the standing committees of this house, under standing order 63.

Motion agreed to.

INTERNAL ECONOMY COMMISSION

Right Hon. W. L. MACKENZIE KING (Prime Minister) presented the following message from His Excellency the Governor General:

The Governor General transmits to the House of Commons a certified copy of an approved minute of council appointing the Honourable T. A. Crerar, Minister of Mines and Resources, the Right Honourable Ernest Lapointe, Minister of Justice, the Honourable Charles A. Dunning, Minister of Finance, and the Honourable W. D. Euler, Minister of Trade and Commerce, to act with the Speaker of the House of Commons as commissioners for the purposes and under the provisions of chapter 145 of the revised statutes of Canada, 1927, intituled An Act Respecting the House of Commons.

TRADE AGREEMENT

CANADA-UNITED STATES—TABLING OF TEXT AND RELATED DOCUMENTS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I desire to lay on the table of the house copies in French

and English of a trade agreement between Canada and the United States of America, signed at Washington, November 17, 1938, together with the following related documents:

Exchange of notes between the Secretary of State of the United States of America and His Majesty's Minister for Canada at Washington relative to the interpretation of article I of the trade agreement of November 17, 1938;

Lumber declaration issued at Washington, November 17, 1938, on behalf of the governments of Canada and the United States of of America;

Exchange of letters betwen the High Commissioner for the United Kingdom and the Secretary of State for External Affairs regarding the agreed modifications of the Canada-United Kingdom trade agreement of 1937—Ottawa, November 16, 1938;

Exchange of letters between the Secretary of State for External Affairs and the accredited representative of the Union of South Africa regarding the agreed modifications of the Canada-South Africa trade agreement of 1932—Ottawa, November 16, 1938;

Exchange of letters between the High Commissioner for the United Kingdom and the Secretary of State for External Affairs regarding the margins of preference on wrought iron and on logs of certain dimensions—Ottawa, November 16, 1938.

By permission of the house I should like to take this opportunity to say that copies of the documents I have just tabled are now available for distribution.

On motion of Mr. Mackenzie King the house adjourned at 4.45 p.m.

Friday, January 13, 1939

The house met at three o'clock.

TRIBUTES TO DECEASED MEMBERS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, from time to time at the beginning of a session it has been my sad task to have occasion to make reference to some of our number who have been taken from us in the interval between prorogation and the reassembling of parliament. No previous parliament in the history of Canada has suffered a loss in its membership comparable to that which has already taken place in the present parliament. No fewer than seventeen members of this house have passed away since we assembled here in February, 1936. Of that number eight were taken away last year. Two of the number were with us throughout the three sessions but have since passed away. The two to whom I refer are the late Samuel W. Jacobs, K.C., who represented the constituency of Cartier for twenty-one years, and the late Lieutenant Colonel David W. Beaubier, who represented during the past eight years the constituency of Brandon. Mr. Jacobs was in his sixty-seventh year, and Mr. Beaubier in his seventy-fourth.

The passing of Sam Jacobs, as he was familiarly and affectionately called, has been to those of us who sit on this side of the house a very great, indeed an irreparable loss. Having regard to the place he occupied in parliament over so long a period and particularly to the high esteem and great respect in which, throughout that entire time, he was held by members of all parties, I think I may truly say that his passing constitutes one of the most serious losses which in many years this House of Commons has sustained. By early training, by wide experience in the profession of law, by character, temperament, and abilities, and above all perhaps by his knowledge of and outlook upon world affairs, Mr. Jacobs was admirably equipped for a foremost place in public life.

Mr. Jacobs had a brilliant career as a young man, receiving important degrees at an early age from both McGill and Laval universities. He was admitted to the bar at the age of twenty-three and was created a king's counsel in 1906. As hon. members know, he reached a place of high distinction in his profession, was entrusted with many important briefs, and acted as counsel in some of the most important cases in his province. He was honoured by his own profession in being selected as treasurer of the Law Society of Montreal and also as representative for the province of Quebec on the council of the Canadian Bar Association.

But it is with respect particularly to our own associations with him as a member of parliament that we are thinking of him to-day. To my mind, Mr. Jacobs might well have been termed an ideal House of Commons man. He loved its associations, and all of its members greatly respected and, many of us, deeply loved him. He had exceptional gifts to qualify him for a place of first importance in this house. His was an exceptionally attractive personality; he had a positive genius for friendship. Though he spoke but rarely he was one of the best speakers we had in Canada. His broad human interests and his fund of knowledge made him a delightful conversationalist.

He had a very ready wit. All of us I think recall his native gift of repartee. There are many anecdotes which relate to the corridors of these buildings which will long retain a close association with his name. As a member of parliament he not only took a continuous interest in the affairs of the house but was one of the most active and useful members on its committees, and in the party caucuses took his part in a ready and able way. Indeed he entered into all sides of the life of the commons and of parliament generally. He was constructive, tolerant, broad-minded, liberal in every true sense of the word.

It was little short of tragic that the closing years of Mr. Jacobs' life should have been really saddened by the unfortunate lot which in some parts of the world has overtaken many of those who belong to his race. We think of him, as indeed he was, as one of the outstanding leaders of the Jewish people in this country; one who was proud of his race, and of its faith, always prepared to fight for its rights, and to uphold its traditions with tenacity and dignity. That he should have seen, before the end came, what he saw so clearly approaching, namely the increased persecution of those who belong to the Jewish race, and what perhaps troubled him even more, the growth in our own country in some quarters of prejudices against members of his race, was, I think, one of the most unfortunate and cruel things that could possibly have occurred in relation to his life and work. The last conversation I had with him was in company with some other hon. members of this house, in my office adjoining this chamber, when he came with them to plead on behalf of members of the Jewish community. He earnestly expressed the hope that the government and parliament of this country would maintain an attitude of toleration and moderation in viewing all questions of racial difference and the difficulties to which they might give rise.

I think we do well to remember that Mr. Jacobs never failed to bring into the debates of this house a note of moderation. He was never extreme, he was always ready to see the different and often many sides of a question. He only asked of others that they view difficult situations in a large way. He sounded too that other note which is very greatly needed in these times, and of late increasingly needed, I think, in our own country, the note of toleration. He held to the belief in human personality as the most sacred of all things in life. I think we can best honour the memory of our friend by seeking in whatever we say or do here to keep constantly before us these notes of moderation and of toleration.

I ought perhaps to add that Mr. Jacobs was the first to see that such questions as those of the rights of minorities are often among the most difficult questions with which any government or any parliament may be faced. He was not one who demanded extreme action; but I know what he did hope for above all else was that his fellow members in the house would do all they could, both here and throughout the country, by way of educating the public mind to a generous, kindly and liberal attitude of men towards their fellow-men, to whatever race or class or faith they might belong.

I cannot begin to say what the death of Mr. Jacobs means to me personally. When I reentered this House of Commons in the capacity, with which I had been honoured, of leader of my party, he had been here two years; we had known each other for some years before; from that time on, through the nineteen years that succeeded, we were close friends and associates, and he was always helpful in the matter of his counsel, always ready to give it in a generous and kindly way. No political leader could have had a more loyal supporter or more helpful colleague than myself and all the members of this administration had in our friend Sam Jacobs. His memory will be dear, I know, to all in this house who were privileged to be associated with him. I look upon Mr. Jacobs' passing as a loss not merely to this House of Commons and to our country, but, as an international loss coming at this critical time in the world's affairs, when he perhaps more than any other man of his race in Canada was capable of interpreting to his fellow-men all sides of some of our most difficult problems.

Hon. members opposite have also suffered a serious loss in the passing of Mr. Beaubier. Like Mr. Jacobs, Mr. Beaubier was greatly respected in this house. He had a long, an interesting and useful career. As a young man he had the courage and the vision to go to the west in its pioneering days. He settled at Brandon and his life in large part was identified with the growth of that city. He shared its commercial and social life. At the time of the great war he organized the 181st battalion, took it overseas, and was made a lieutenant-colonel in England. Two of his sons were lieutenants in another battalion and a third son served in the Royal Air Force.

Mr. Beaubier contested the contituency of Brandon four times. On the first two occasions he was not successful, and I think it was a great tribute to him that, having been defeated in two elections, his party should have thought him the strongest candidate to contest the constituency for the third time and that he should have been returned when he so

contested the riding. That was in 1930, when the fortunes of hon. gentlemen opposite were better than they are to-day. But what was perhaps the highest tribute of all was that in the last general election, that of 1935, when the Conservative party suffered very heavily in western Canada, Colonel Beaubier was the one member of his party to be returned from the province of Manitoba and one of three members of his party to be returned from the three western provinces.

I do express to my hon. friend the Leader of the Opposition (Mr. Manion) the very sincere sympathy of all of us on this side of the house in the loss, particularly at this time, of one who, had he been spared, would have been to him a most helpful and valuable colleague.

May I ask you, Mr. Speaker, on behalf of all hon. members of the house, to convey to Mrs. Jacobs and to Mrs. Beaubier the deep sympathy of this House of Commons for each of them, and for the members of their respective families in the bereavements which they have sustained?

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like to join my words to those of the Prime Minister (Mr. Mackenzie King) in expressing to the families of the two members who have left us the deep sympathy of this house. In that I am speaking particularly for the party to which I belong.

With the Prime Minister I realize full well the very heavy toll which has been taken of this parliament. We on this side particularly feel that we have been rather heavily afflicted in that regard, considering the small numbers of the party which came back from the election of 1935.

David Wilson Beaubier was a very close personal friend of mine. I think I had the opportunity and pleasure of participating on his behalf in every one of his elections, beginning in 1925. As the Prime Minister indicated, he was born in the east. That was in 1864, so that he was blessed with being allotted more than the biblical span of three score years and ten. When he went to the west he was not quite twenty years of age, and he became acquainted with pioneer conditions in that growing country. He knew something of the life out there which many of the present members of this house experienced, as I did, in those early eighties. He lived on the pioneer fringe and no doubt experienced some of its hardships—the very hardships that reinforce courage and contribute so greatly to the building up of character in a man.

Dave Beaubier, as everyone who knew him called him affectionately, was highly respected by all who had the privilege and pleasure of his acquaintance, not only in this house but in that section of the country wherein he spent the greater part of his life. The very fact that he was always called Dave, both in the House of Commons and in his own neighbourhood, is an evidence of the respectful familiarity with which he was regarded by all who came in contact with him. Indeed, as I heard the Prime Minister this afternoon refer to him, and quite properly, as Colonel Beaubier, it struck me as being the first time that I had ever heard anyone so describe him. I mention this fact merely to illustrate, and to bring out more clearly, the friendly feeling which everyone had for him throughout the time that I had known him, going back to 1925. His high standing in his own community was demonstrated in the recent by-election, by the fact that his son, who was a young man without much experience and who had been carrying on business in a different part of the country and therefore was not so well known in Brandon as was his father, carried on such an admirable campaign against a very well known, an old and respected citizen in that community, who succeeded in winning the seat for my right hon. friend opposite.

Without in any way detracting from the merits of the younger man, I think I am safe in suggesting that the respect with which he was treated, as was shown by the support he received in the election, was due in large measure to the love which the people of Brandon and vicinity felt for Dave Beaubier the father.

Dave Beaubier had a genius for friendship, and a love of all classes and creeds, which bespeak that broad-minded type of charity, religion and friendship which enriches life. He came into the House of Commons in 1930 and, as the Prime Minister has observed, he was reelected in 1935. The latter election, at any rate, proved his high standing in that western country; for when a wave against the party to which I belong swept the country in the election of 1935, Dave Beaubier was the only man who came back from Manitoba to represent that party. This was a further proof of the respect with which he was regarded in his constituency.

It is true that in the House of Commons he did not speak very often; nevertheless he was of great value to us not only on committees but as a counsellor. His common sense and the humanitarian spirit in which he looked at every question made him an invaluable colleague to all of us on this side of the house.

The Prime Minister has mentioned his service in the war. In 1916, when he was well

into his fifties, he organized the 181st battalion and took it overseas as lieutenant-colonel. Three of his sons joined up, one of them actually throwing down his books at McGill university, where he was a student, and joining the forces.

I should like to join with the Prime Minister in asking you, Mr. Speaker, to pass on to the late Mr. Beaubier's family the deep sympathy of all members of the House of Commons and particularly of the party for which I have the honour to speak. Dave Beaubier was an exemplary husband and father and a very fine citizen. I should like to thank the Prime Minister for the kind words he has used with reference to this member of our party who has gone to what I am quite sure is a just and happy reward.

The late Mr. Samuel Jacobs, who was taken from the other side of the house since the closing of the last session, was born in Ontario, as was Mr. Beaubier. Mr. Jacobs and I came into the house in the same year, 1917, and we became fast friends. In the twenty sessions during which he and I sat as members of the house we remained the best of friends. Sam Jacobs, as we all called him, came of a race that has given to the world leaders in all walks of life. After all, it was his race that gave to the Christian people the greatest religious teacher that the world has ever known. But since that time, in all the centuries that have gone, the same race has produced leaders in the arts and sciences, in the professions and in business. I have sometimes wondered whether the persecution of the race to which Mr. Jacobs belonged, reference to which has been made by the Prime Minister, has not been due in part to the fact that eminent members of that race have led the world so brilliantly in so many different walks of life.

Sam Jacobs was endowed with all the gifts with which the members of his race have been favoured, gifts that made him a successful lawyer and author; and in addition to that common heritage of his he was gifted, as those of us who sat with him for so many years know, particularly with a vein of wit and humour. I emphasize the humour rather than the wit of Mr. Jacobs, because his habit of mischievous interruption, his clever interjections and his witty observations were rarely of the barbed sort that hurt the feelings of others. They were always kindly and generous, characteristic of humour rather than of wit. The last time I saw him was a few months before he died. Quite by accident, we had had lunch together in the Rideau club and afterwards sat for the better part of an hour in the lobby, discussing the famous witticisms and humorous incidents that had occurred in this house during the eighteen years that he and I had been fellow members.

I always found Mr. Jacobs not only a warm-hearted friend but a fair opponent, a witty and interesting companion. Moreover, as the Prime Minister has remarked, he was possessed of great breadth of mind, which is so valuable in any citizen. It has often occurred to me that, in Canada at any rate, the gift of wit and humour such as Mr. Jacobs possessed has unjustly prevented many a man from attaining in parliament the heights which his merits deserved. In other words, it seems to me that in this country we have been prone to regard the witty and humorous man, the man possessing this gift to any marked degree, as somehow not quite so forceful as others who, seemingly more solid, may not be quite so well equipped mentally. I suggest, in support of that observation, the names of the two greatest public men on this continent. Well, I had better modify that statement, because I do not wish to make comparisons; I will say, therefore, two of the greatest public men on the continent. I refer, so far as Canada is concerned, to Sir John A. Macdonald,—and I might add the name of Sir Wilfrid Laurier, though he was not quite the humorist that Sir John Macdonald was—and, as regards the United States, to Abraham Lincoln. I doubt whether in the annals of the public life of any country in the world, certainly any of which I have knowledge, any other two men possessed the quality of humour so markedly as did Sir John A. Macdonald in the Canadian parliament and Abraham Lincoln in the United States republic. Yet to my mind they were, if not the greatest, certainly among the greatest men produced on this continent. Sam Jacobs was another man with a very fine wit, who showed that a man can exemplify splendidly the humorous side of life and still be outstandingly clever. I am told that he was a great lawyer—I cannot judge that very well myself—and an excellent writer on legal matters.

I join with the Prime Minister in expressing, on behalf of this party, the deep sympathy we feel with the family and friends of Mr. Jacobs, and also our sincere sympathy with the right hon. gentleman and his party in the loss of such a capable member.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, we in our group desire to associate ourselves with the tribute of respect which has been paid to those of our number who have departed. For many

years in my childhood I lived in the town of Brandon, and in those days the elder Mr. Beaubier and his son were well-known and respected citizens. In the last year or two, during the illness of Mr. Beaubier, when almost daily I passed his door, usually open, I came to know him and his wife more intimately. One could not but feel that it was his qualities of honesty and kindliness which led to his being so well and favourably known both here and in western Canada.

As one of the senior members of the house—I think I must now regard myself as such—I have known Mr. Jacobs for a good many years. In the earlier days I think of him in association with Mr. A. R. McMaster. We always regarded him as genial. Perhaps enough has been said with regard to his wit and humour. I wonder whether it would be altogether out of keeping if I expressed a wish that he could have been present to-day to hear what is being said about him. I think he would have smiled. His kindliness endeared him to us all. Reference has been made to the fact that he belonged to the Jewish race. I am glad that has been recorded to-day, because he was very proud of the contribution which that race has made to the history of civilization, even though at the same time he could laugh at some of the foibles of his people. In his early days he was brimful of fun, but as the Prime Minister (Mr. Mackenzie King) has mentioned, in recent years I think he was somewhat saddened by certain movements. In view of the anti-Semitism which has developed in some countries I am rather glad that Mr. Jacobs belonged to that Jewish race; for he exhibited qualities of which any race might be proud. I hope his memory and example may long remain with us in these days when there is special need for tolerance.

We would ask that the sympathy of this group be conveyed to the friends and relatives of our fellow members who have left us.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, our group desires also to be associated with the others in honouring the memory of these two men and expressing sympathy with those they have left behind in sorrow. I have myself been deeply impressed with the personality of both these men. I had more opportunity to know Mr. Beaubier than Mr. Jacobs, but what I did know of Mr. Jacobs enables me to appreciate what has been said regarding him. For Mr. Beaubier I had great respect. He exhibited the finest ideals of Canadian citizenship; he made great sacrifices in the cause of Canada and the British Empire, and he made these sacrifices uncomplainingly. I feel safe in saying that he was a great and good man, though a quiet one. Both these men died full of years and, I am sure we can say, as full of honour as of years.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, although the Prime Minister (Mr. Mackenzie King) and others have paid eloquent tribute to the memory of a man who was, I believe, the friend of all of us, I should like to be permitted to add just a few words of appreciation, because of the fact that I was associated with him for some twenty years not only in parliamentary contacts but in the bonds of a sincere and deep personal friendship.

Sam Jacobs—I can think of him by no other designation; that was the name by which he was affectionately known, I think, to every hon. member of this house and to many thousands outside—was, as has been stated, elected to parliament in 1917. Of the 235 members elected at that time there are now in this parliament only about eight. Being one of those, I probably had better opportunities of becoming acquainted with Sam Jacobs and getting to know his character and disposition and qualities than were afforded to most hon. gentlemen in this house to-day. During those years I was growingly impressed with his many attractive qualities, of which I would mention as outstanding his great kindness of heart. I would join with those who have made reference to the troubles of his race in recent times; I think it is quite probable that these so weighed upon his mind and heart as to contribute to his decease. Further, I could speak of his generosity—I have experienced it more than once—not only in material things but in his judgments of those with whom he was associated; also his tolerance; his free and open mind towards those who differed with him; his loyalty to his party, which was constant, and his loyalty to his friends, which was just as great. And his friends were legion. To know Sam Jacobs was to like him. To call him friend was a privilege. His ability, both as a lawyer and as a parliamentarian, was well known. His devotion to duty was always constant and always notable. A good deal has been said, and I think very properly, as to the flashing, spontaneous wit which he sometimes showed in this house in his earlier days, which in my opinion helped to lighten the amenities of debate and made him such a delightful companion at all times.

In a country of diverse races, such as we have in Canada—and perhaps I may speak with some feeling in that regard—races which we hope are gradually merging into a character-

istic or typical Canadian people, Mr. Jacobs will be always remembered as an outstanding example of Canadian citizenship. If I may, Mr. Speaker, I should like to express my own sense of personal loss in his passing, and to join with all other hon. members of the house in conveying to the members of his family our sympathy in the bereavement that has come to them.

Mr. PETER BERCOVITCH (Cartier): Mr. Speaker, I feel that I would be recreant to the mandate which was given me unanimously and so graciously by the electors of Cartier division did I not say a word or two on this occasion with regard to my late lamented and well beloved predecessor.

I knew Mr. Jacobs for the greater part of my life; I knew him as a humanitarian, as an able lawyer and as a fine parliamentarian. As a humanitarian, Mr. Jacobs had a passion for social service. He was always anxious to help the under dog; he was always keen to assist the underprivileged, and he always tried to seek out someone whom he could help and to whom he could so some good. I know quite a number of young men in Montreal who owe their education and professional training to the generosity of my late predecessor. I know many families in Montreal who were helped, very unostentatiously, by Mr. Jacobs to get on their feet and earn a livelihood. Mr. Jacobs was a kind-hearted man, as has been said. He was a good man, and nothing pleased him better than to be of service to his fellow-men.

As a lawyer it was my privilege to appear in quite a number of cases opposed to Mr. Jacobs, and I can say that no member of the bar of Montreal was more jealous of the fine traditions of the bar than he. Samuel Jacobs was a fighter who would never take an unfair advantage of an opponent. He had a great respect for authority. He had great respect for the judges who presided over the courts in which he appeared. He always tried to be helpful, and made the task of the judges as easy as possible by the able way in which he prepared his cases, both as to facts and as to law.

It was outside of this house that I knew Mr. Jacobs best in his capacity as a parliamentarian. I know he built up a great reputation in this chamber, and the splendid tributes that have been paid to him to-day by the leaders of the various groups go to show how much he was thought of on all sides represented in parliament. Mr. Jacobs was perhaps the most beloved man in the Cartier division. He was literally worshipped by his electors, and any candidate who contested that seat soon found that he had met a formidable opponent. I doubt very much whether any opponent of Mr. Jacobs ever succeeded in saving his deposit. He was so well thought of by his electors that when they heard of his death I can assure you, Mr. Speaker, there was not one who did not grieve and mourn his loss.

May I thank the right hon. leader of this house (Mr. Mackenzie King) and the leader of the opposition (Mr. Manion), as well as the other hon. gentlemen who have spoken, for the kindly references they made to my race. May I thank them also for the splendid tributes they have just paid to a loyal Canadian, a devout follower of the religion of his forefathers, a man who was one of nature's gentlemen.

[Mr. Euler.]

BREN MACHINE GUN CONTRACT

TABLING OF REPORT OF COMMISSIONER MR. JUSTICE DAVIS

Right Hon. W. L. MACKENZIE KING (Prime Minister): I desire to lay on the table copies of the report of Hon. Mr. Justice Henry Hague Davis, a commissioner appointed by order in council P.C. 2251, dated September 7, 1938, to inquire into the Bren machine gun contract dated March 31, 1938, between His Majesty the King, represented by the Hon. the Minister of National Defence of Canada, and John Inglis Company Limited.

I anticipated, Mr. Speaker, that there would be a desire to have this report in printed form as soon as the house met. Therefore immediately upon its receipt I arranged with the clerk to have his requisition made upon the king's printer for the printing of the report. I also arranged for its translation, so that I am now able to lay it upon the table in printed form in both English and French, and to announce that it is available for immediate distribution.

On motion of Mr. Mackenzie King the house adjourned at 4 p.m.

Monday, January 16, 1939

The house met at three o'clock.

INTERPRETATION ACT

AMENDMENT TO MAKE ANNIVERSARY OF SIGNING OF STATUTE OF WESTMINSTER A STATUTORY HOLIDAY

Mr. WILFRID GARIEPY (Three Rivers) moved for leave to introduce Bill No. 2, to amend the Interpretation Act.

Some hon. MEMBERS: Explain.

Mr. GARIEPY: Mr. Speaker, the object of this bill is to amend the Interpretation Act so as to make the eleventh day of December in each year a statutory holiday. On December 11, 1931, what is commonly called the statute of Westminster was assented to, confirming the present status of the Dominion of Canada. It is fit and proper to celebrate this anniversary so as to impress upon the people of this country its extraordinary consequence to Canada.

Motion agreed to and bill read the first time.

RAILWAY ACT

LANGUAGE REQUIREMENT IN QUEBEC PROVINCE RESPECTING EMPLOYEES OF RAILWAY AND TELEGRAPH COMPANIES

Mr. WILFRID LACROIX (Quebec-Montmorency) moved for leave to introduce Bill No. 3, to amend the Railway Act.

Some hon. MEMBERS: Explain.

Mr. LACROIX (Quebec-Montmorency): Mr. Speaker, the effect of this amendment would be to allow the Board of Transport Commissioners to make orders and regulations to provide that all employees of railway and telegraph companies coming within its jurisdiction shall have the requisite knowledge of the French language in the province of Quebec to enable them properly to perform their duties and to be understood by and understand the majority of the persons with whom they are required to do business.

Motion agreed to and bill read the first time.

POST OFFICE ACT

AMENDMENT TO PROHIBIT THE SENDING THROUGH MAILS OF COMMUNISTIC LITERATURE

Mr. WILFRID LACROIX (Quebec-Montmorency) moved for leave to introduce Bill No. 4, to amend the Post Office Act.

Some hon. MEMBERS: Explain.

Mr. LACROIX (Quebec-Montmorency): The purpose of the amendment is to enlarge the powers of the Postmaster General as to the making of regulations. At present the Postmaster General may prohibit the sending of obscene or immoral publications. It is intended in this bill that he should also have the power to prohibit and prevent sending of communistic literature.

Motion agreed to and bill read the first time.

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CRIMINAL CODE

PROVISION AGAINST REFUSAL TO EMPLOY OR DISMISSAL FOR MEMBERSHIP IN TRADE UNIONS

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved for leave to introduce Bill No. 5, to amend the criminal code.

Some hon. MEMBERS: Explain.

Mr. WOODSWORTH: This is the same as Bill No. 4 of last year. The purpose of the bill is to prevent employers from refusing to employ, or from dismissing employees, or conspiring with others therefor, for the reason that they are members of a trade union.

As it is lawful for workmen or employees to form themselves into trade unions and to bargain collectively, it should, as a matter of public policy, be unlawful for employers to seek by overt acts or intimidation, threats or conspiracy to prevent them from belonging to such trade unions.

Motion agreed to and bill read the first time.

HOUSE OF COMMONS

MODERNIZATION OF ELEVATOR EQUIPMENT

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): I should like to call the attention of the government to the antiquated elevators we have in this building. It is about time they were replaced with safer and more modern equipment.

Hon. P. J. A. CARDIN (Minister of Public Works): I shall have the hon. gentleman's observations taken into consideration, but I wish to have the benefit of his information on the subject.

LIGHTING OF COMMONS CHAMBER

Mr. NORMAN J. M. LOCKHART (Lincoln): May I again gently refer to the shadows that fall across these back seats? Last year it was pointed out to the government that there was considerable trouble in this regard. Some improvement has been effected, but I am wondering whether by changing bulbs or by some other means we can do away with these shadows.

Hon. P. J. A. CARDIN (Minister of Public Works): I make the same answer as I made to the hon. member for Wentworth (Mr. Lennard). Some changes have been made in connection with the lighting on the

other side. It may be unsatisfactory from my hon. friend's point of view, but from this side I can see him very well.

BREN MACHINE GUN CONTRACT

TABLING OF EVIDENCE AND ARGUMENT HEARD BEFORE COMMISSION OF INQUIRY

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Will the Prime Minister indicate at the earliest possible day, not necessarily to-day, whether the house will be placed in possession of copies of the evidence and the argument heard before the commissioner during the inquiry into the Bren machine gun contract?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may answer my hon. friend at once. I shall be very glad to lay on the table of the house the evidence and the argument in connection with the Bren gun inquiry. They are in the possession of the government and I shall have them tabled to-morrow.

RADIO BROADCASTING

REFUSAL OF BROADCASTING PRIVILEGES TO PUBLISHER OF TORONTO GLOBE AND MAIL—STATEMENT OF CANADIAN BROADCASTING CORPORATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Before the special order is called I should like to make a statement to the house. Hon. members have doubtless seen reports in the press to the effect that the government had refused the privilege of broadcasting to the publisher of one of Canada's leading newspapers. I simply wish to say that the government has had nothing whatever to do with refusing any application that has been made to the Canadian Broadcasting Corporation. Neither the government nor any member of the government had any knowledge that an application had been made to the Canadian Broadcasting Corporation by the publisher of one of Toronto's leading newspapers, nor had any member of the government any knowledge that such an application had been refused.

As hon. members know, the business of controlling and regulating radio broadcasting has been placed by this parliament under the Canadian Broadcasting Corporation, which is an autonomous public body and with which the government does not interfere and has no desire to interfere. The general manager of the corporation has issued to the press a statement which gives a full explanation of the application itself and the grounds on which it was refused. I have in my hand a copy of the statement and if hon. members will take it as read I shall place it on the table that it may be printed in Hansard with the remarks I have made. The statement is one which, I think, will be of interest to hon. members.

CBC Statement given to the Press by Mr. Gladstone Murray, General Manager of the CBC, January 15th, 1939.

Mr. George McCullagh applied to the Canadian Broadcasting Corporation to buy time for a series of broadcast talks on the national network of the Corporation in order to give his views on public questions. The application was refused in accordance with the policy of the Corporation in dealing with controversial broadcasts. This policy is based on the principle of encouraging the free discussion of all subjects of public interest in round-table discussions, debates, talks, and forums, for which the Corporation provides time without charge. No individual may purchase any network to broadcast his own opinions and no profit-making corporation may purchase any network to broadcast opinions. Far from being a restraint on free speech, the Corporation's policy is an assurance that liberty of discussion is preserved, that all main points of view are fairly presented, and that the possession of wealth does not confer the right to use network broadcasting to influence opinion.

Having failed to secure time on the national network Mr. McCullagh attempted to buy time over a network of privately-owned stations. As all network broadcasting in Canada is under the control of the Corporation, under the specific authority of the Canadian Broadcasting Act of 1936, the permission of the Corporation would have been required to give effect to the new plan. As the same general principle in controversial broadcasts applies to all networks in Canada, the second application was also refused.

Mr. McCullagh had already been invited to participate in the Corporation's Sunday evening National Forum at no cost to him. Mr. McCullagh declined the invitation, which, however, remains open.

The Corporation's decision and the reasons for it were communicated to Mr. McCullagh in a letter, dated January 5th, which is now released for publication.

The decision was taken by the Corporation on its own responsibility in accordance with the policy laid down by the Board of Governors.

It is pointed out that the Corporation's policy regarding this class of network broadcasting is similar to that of the National Broadcasting Company of the United States.

On the same date Mr. Gladstone Murray released the following letter to Mr. McCullagh:

Ottawa, Ontario
January 5th, 1939.

Dear Mr. McCullagh:

Thank you for your letter of the 4th instant. I shall be glad to set out fully the reasons why the corporation was obliged to reject your application to purchase network time for the purpose of placing your views on public questions before the listeners of Canada.

In order that the answer may be complete, it is necessary to indicate the origin and evolution of the policy upon which it is based.

As you know, the Canadian Broadcasting Corporation was established by act of parliament as a non-partisan public trust to control all broadcasting in Canada in the public interest. In accordance with this purpose the corporation was endowed with exclusive control of all network broadcasting and with a general responsibility for the character and content of all programs.

The relevant provisions of The Canadian Broadcasting Act, 1936, respecting the control and direction of network broadcasting are paragraphs 21 and 22, as follows:

"21. No private station shall operate in Canada as a part of a chain or network of stations except with the permission of, and in accordance with the regulations made by the corporation.

"22. (1) The corporation may make regulations:

(a) to control the establishment and operation of chains or networks of stations in Canada."

The relevant provisions of the act relating to the corporation's control of all matter broadcast in Canada is section 22 (1) (c), (d), and (e) as follows:

"22 (1) The corporation may make regulations:

(c) to control the character of any and all programs broadcast by corporation or private stations;

(d) to determine the proportion of time which may be devoted to advertising in any programs broadcast by the stations of the corporation or by private stations, and to control the character of such advertising;

(e) to prescribe the proportion of time which may be devoted to political broadcasts by the stations of the corporation and by private stations, and to assign such time on any equitable basis to all parties and rival candidates."

I have deliberately set out the above provisions in order to indicate the intentions of parliament. That the authority vested in the corporation has been exercised as intended is perhaps best illustrated by the following quotation from the report of the parliamentary committee on broadcasting of 1938:

"The bulk of the evidence concerned the program, technical and financial policies of the corporation. Your committee is of the opinion that these policies are well designed to carry out the purpose for which the corporation was created. Your committee is also of the opinion that the policies of the corporation are being executed in a business-like fashion."

Now, a brief outline of CBC policy respecting the discussion of public problems and issues and the position generally in the related fields of party political, and non-party controversial broadcasting.

On the first point, the Broadcasting Act, as you know, requires the corporation to prescribe regulations for all broadcasting, both on privately owned and CBC stations. No censorship is imposed, restrictions being confined to those specifically set out in the regulations. The policy of the corporation is to encourage the fair presentation of controversial questions which indeed is regarded as part of the educational function. To this end there are organized round tables, talks, discussions, debates, commentaries and forums, distributed through CBC stations and networks. Moreover, facilities have been provided on a sustaining basis for organizations such as the Canadian Association of Adult Education and the Workers' Educational Association. Individual privately owned stations are encouraged to discharge similar public service on a local basis.

With regard to party political broadcasting during elections, new arrangements under consideration will aim to have issues and policies placed more adequately before the whole electorate. Individual privately owned and CBC stations will remain commercially obtainable to rival parties and candidates, subject to the relevant provisions of The Canadian Broadcasting Act and the regulations issued thereunder.

With respect to party political broadcasting between elections, any legal political party may purchase time either on networks or individual stations. Non-party statements of political leaders of sufficient general interest are carried by the corporation on a sustaining basis.

Rulings recently approved by the board of governors regarding the sponsorship of non-party controversial broadcasts are as follows:

"(1) No individual may purchase any network to broadcast his own opinions;

(2) No profit-making corporation may purchase any network to broadcast opinions;

(3) Properly constituted societies may purchase network time subject to the following condition: (a) that the society accepts responsibility for the broadcast, indemnifying the CBC against the possible consequences of libel or slander; (b) that each broadcast is prefaced and concluded by an appropriate announcement making clear the nature and auspices of the broadcast and indicating that equivalent facilities are available to opposing views on the same basis; (c) that there is no interference with normal CBC program arrangements; (d) that the broadcast is of sufficient popular appeal and interest to justify its inclusion; (e) that the broadcast is within the wording and spirit of our regulations and not in violation of any law."

These rulings, which apply also to individual CBC stations, but not to individual privately owned stations, were the subject of the most careful consideration. The admission of the right of an individual to buy network time to propound views would entail, for example, the approval of (a) the representative of a profit-making corporation influencing public policy in favour of his corporation; (b) a profit-making corporation using opinions as a direct or indirect sales medium; and (c) an individual sponsoring his own opinions by virtue of the advantage of wealth.

Nothing in the above is of course intended to suggest that the ordinary commercial facilities, network or local, are not available to the Globe and Mail as to any other reputable company.

I hope you will excuse the length of this letter. I felt that you would understand the reasons for the decision I was obliged to take if I were to set out the general background.

I still hope that you will feel inclined to consider my suggestion that you participate in occasional programs, forums or otherwise, arranged by us. We are most anxious to make

available to our listeners the views of Canadians with a real contribution to make to the solution of our many national problems.

Yours sincerely,

Gladstone Murray,
General Manager.

George McCullagh, Esq.,
President,
The Globe and Mail Publishing Company,
Toronto, Ontario.

Mr. MANION: The statement has already been published in the press?

Mr. MACKENZIE KING: Yes, but I thought it would be of interest to hon. members to have it on Hansard.

Mr. MANION: I merely wanted to know whether it was the statement published in the press by the chairman.

Mr. MACKENZIE KING: Yes, my hon. friend is right.

Mr. WOODSWORTH: May we not have the assurance of the Prime Minister that the government will stand behind the Canadian Broadcasting Corporation in this matter?

Mr. MACKENZIE KING: I think so, yes.

GOVERNOR GENERAL'S SPEECH

ADDRESS IN REPLY, MOVED BY MR. J. E. MATTHEWS AND SECONDED BY MR. LIONEL CHEVRIER

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

Mr. J. E. MATTHEWS (Brandon) moved:

That the following address be presented to His Excellency the Governor General, to offer the humble thanks of this House to His Excellency for the gracious speech which he has been pleased to make to both houses of parliament, namely,—

To His Excellency the Right Honourable Baron Tweedsmuir of Elsfield, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Member of the Order of the Companions of Honour, Governor General and Commander in Chief of the Dominion of Canada.

May it Please Your Excellency:

We, His Majesty's most dutiful and loyal subjects, the House of Commons of Canada, in parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious speech which Your Excellency has addressed to both houses of parliament.

He said: In making this motion I desire at the same time to express my sincere accord with the remarks made on Friday last by hon. members of this house touching upon the memory of those members who passed away during the recess. I desire to express my personal appreciation of the fine tributes that were paid to the sterling qualities of my predecessor, the late member for the constituency of Brandon. I can add little, if anything, to those tributes that have already been paid, and I would merely say that Mr. Beaubier was a worthy citizen, a man who gave good service to his country, one for whom I had a very sincere regard and whose friendship I was privileged to share. He has left behind a large circle of friends of every class and every creed.

Before going further I should like to extend my congratulations to the hon. the new leader of His Majesty's Loyal Opposition (Mr. Manion) upon his elevation to the leadership of a great and historic party. We all realize his heavy responsibilities, for upon his shoulders has fallen the mantle of outstandingly able men. In the discharge of his onerous duties we wish him a large measure of success, although possibly there may be some in this house who would desire that that success have its limitations! The hon. gentleman paid my constituency the honour of a visit, early in November last I think it was. I did not have the privilege of meeting him at that time, because other duties were crowding upon me; but I can say this, and I think he will corroborate what I say, that he received a warm and cordial welcome there and formed many very fine friendships.

The speech from the throne made fitting reference to the prospective visit to Canada in May next of the King and Queen of the British Empire, the King and Queen of Canada. No words of mine can adequately express the admiration and respect of the Canadian people for our beloved sovereign and their loyalty to the crown. Our minds go back to his majesty's famous broadcast on New Year's Day, 1937, which concluded with these sincere and memorable words:

My wife and I dedicate ourselves for all time to your service, and we pray that God may give us guidance and strength to follow the path that lies before us.

These are noble sentiments, and they were expressed by a sovereign who, we all feel sure, will ever play a kingly part. Somehow, whenever I think of Her Gracious Majesty, the product of a Scottish clan, those words of Tennyson's come back to me, words which I believe are as applicable to Queen Elizabeth as they were ever applicable to her illustrious predecessor, Victoria the Good:

Her court was pure, her life serene,
God gave her peace, her land reposed,
A thousand claims to reverence closed
In her, as mother, wife and Queen.

I should like to express my gratitude to the right hon. the Prime Minister (Mr. Mackenzie King) for having asked me to move this address. I regard it as a distinct honour, not to myself but to the constituency which I have been chosen to represent. I think all hon. members will agree with me that not

for a considerable time has there been a by-election held in Canada in which interest was more intense and more widespread. The voice of Brandon constituency was interpreted, whether correctly or incorrectly, as the voice of western Canada. It was taken as a representative western constituency—one hundred miles from east to west, fifty miles from north to south, and the home of a type of people whom any member may feel honoured to represent. As far as voting strength is concerned, it is fifty-seven per cent rural and forty-three per cent urban, so that that voice may be taken as being fairly representative.

I do not think any of my western colleagues will disagree with me when I say that the constituency which I have the honour to represent has long been regarded as the crowning constituency of the west in agricultural progress. Its summer and winter fairs have won outstanding favour all over Canada. In this respect a sense of modesty almost impels me to refrain from making mention of the Royal Winter Fair at Toronto. Manitoba exhibitors sent to the Royal a few weeks ago 169 head of live stock for exhibition. Some of these animals were shown in groups, thus reducing the number of single entries to 146. Of those 146 single entries Manitoba exhibitors carried off 134 cash prizes and 12 awards. Now here is where the modesty enters in. Of those 134 cash prizes that came to Manitoba almost fifty per cent were won by farmers in my own constituency.

I make these observations, Mr. Speaker, not from any narrow or parochial viewpoint but as an indication of the interest that is felt by the farmers of Manitoba and the west in the new trade agreements that will presently come before this parliament, and particularly as they relate to the live stock industry. Under these trade agreements the whole tariff structure between Canada and the United States has been revised, in some cases very drastically, and in such a way that I believe every home in Canada will be benefited. Canada has made tariff adjustments on 1,489 products of the United States, and has also removed the three per cent excise tax. This means that every consumer in Canada, whether residing in the east or the west, should be able to buy his supplies more cheaply, and hence in larger quantities. On the other side the United States has lowered her tariff walls very materially as applied to 400 Canadian products. These reductions apply in marked degree to the products of the farm and of the sea. Lower tariffs on what we buy, a readier market for what we sell: the Canadian producer, it seems to me, is benefited both in his going out and his coming in.

Experienced cattle dealers have told me that they have found a distinctly healthier tone in the cattle market ever since this agreement was announced. These men are convinced, after years of experience, that the tariff reductions and the increased quota admissible to the United States, now 225,000 head, will mean a very decided impetus to our live stock development. An alert business man with an analytical complex remarked to me a few days before I left for Ottawa that, having studied this agreement, he had come to the conclusion that it was the smartest—that is the word he used—piece of business legislation enacted in Canada since confederation.

There is another side, a very significant side, to the finer relationships established by this agreement. We have been living for months past under the shadow of an impending world tragedy. We knew not when the fatal hour might strike, but of one thing we felt assured, that we are still far removed from that ideal day portrayed by Robert Burns, when—

> . . . man to man the warld o'er
> Shall brothers be for a' that.

Under that dread shadow it is safe to say that we all became more aware of the fact that democracy was seriously threatened. We also became more aware of our own responsibility. It is a matter for profound thankfulness that after such dread suspense wiser and steadier counsels prevailed. Otherwise, instead of the king and queen coming here, as we hope they may, in time of peace, we might even now have been wading through the horrors of a world war that would have shaken civilization to its centre and possibly led to its utter annihilation.

I refer to this because the completion of trade agreements between three great democracies of the world undoubtedly constitutes a tremendous advance towards the preservation of world peace. The thought I have in mind was well expressed not long ago by the *New York Times*. I quote:

> The mutual tariff concessions which have been agreed upon ought to have a beneficial effect on both American and British trade. But the real significance of the agreement goes far beyond this probable result. The treaty marks a closer union between the two most powerful democracies, achieved at a particularly decisive moment in the world's history. It increases the hope of more effective cooperation among all the democracies in defence of peace and order.

The same thought has been expressed in Toronto *Saturday Night:*

> It is a definite move in a general drawing together of the great democracies for common

action towards the upholding of the way of life to which those nations are dedicated. It is symbolic of an entirely new relationship between the two greatest English speaking countries.

The more we study those agreements, Mr. Speaker, the more obvious it becomes that we are very fortunate indeed in having liberal-minded statesmen, using that word in its broadest sense, of the type and temperament of the present leaders of those two great nations who, together with Mr. Cordell Hull, brought the negotiations to a successful conclusion.

Any remarks along this line might be considered incomplete if they did not contain some reference to the visit to Canada last summer of President Roosevelt. It was a significant illustration of the friendly relations which exist between two of the youngest, but at the same time two of the greatest, exponents of present day democracy. Both countries are wielding, in their own way, a strong, steadying influence in a world that is now torn by hatred and strife.

Speaking of agreements and their probable bearing on the trade of the countries involved, one naturally turns to a review of the achievements of the past, and the review is interesting. Our total imports for the fiscal year ended March 31, 1938, amounted to over $799,000,000, an increase over the previous year of more than $117,000,000. This was the largest total since 1931. Turning to our exports, we find an increase of about $10,500,000 over 1937, and a total of $1,084,000,000, which was the highest total since 1930, and more than twice as large as the figure for 1933. Or if we consider the increase of trade on a percentage basis, from the standpoint of declared values, using 100 as the key, we have this result:

1932	70·7
1933	62·2
1934	78·4
1935	89·1
1936	100
1937	125
1938	126·1

If we consider our exports from the standpoint of physical volume, the results will be found to be approximately the same. I submit that in the face of world conditions and the adverse trend in the United States, this result is a wonderful endorsation of the efforts which have been made to develop world trade.

Just here let me say that we are all greatly interested in the negotiations with the West Indies, referred to in the speech from the throne, and we agree with the hope there expressed that a new agreement will be arrived at which will be mutually beneficial to the West Indies and to Canada.

[Mr. Matthews.]

It is cheering to note that in the speech from the throne cognizance is being taken of the wheat situation in Canada. I have the honour to represent a constituency that has been long known as one of the leading wheat producing centres of the west; in fact Brandon is known in many parts of Canada as the wheat city. Our farmers were considerably disappointed last season when the price of wheat was set at 80 cents per bushel, but when the market price started to fall, eventually going below 60 cents, they began to realize that in reality they were receiving a bonus of twenty or more cents per bushel, and the feeling of disappointment gave way to a feeling of appreciation, in that they felt that the other parts of Canada, through their representatives in parliament and the government, were playing fair in this emergency. However, even the price of 80 cents per bushel was of little avail to those upon whose lands the rain did not fall, who through no fault of their own had little or no wheat to sell, or to those who had a little wheat of inferior grade which had to be sold at starvation prices. The fact of the matter is that with production costs as they are to-day, and with the cost of the articles the farmer is compelled to buy twenty-five per cent greater than it was before the war, the farmer cannot raise wheat,—even if he gets the best grade, which seldom happens—pay transportation charges and other costs, and sell that wheat at 80 cents per bushel, or considerably less for the lower grades, and break even or nearly even. It is well known that for many years the grain of the western provinces has been the biggest single factor in our export trade. It is also well known that year after year western purchases of eastern goods have coincided almost exactly with the revenue derived from the western wheat crop. I believe the Dominion Bureau of Statistics is authority for the information that in 1929, a good crop year, western Canada bought from the east goods to the value of 380 million dollars, but that in 1933, with a poor crop and low prices, those purchases were reduced to 80 millions. That is quite a drop.

In view of the difficulties experienced in the growing and marketing of wheat, therefore, I heartily agree with the Toronto *Financial Post,* which said:

> One-quarter of our total Canadian population are entirely dependent upon the growing of wheat—another quarter are vitally concerned. Our elevator system, our railways, most of our leading companies, our huge milling and farm machinery industries have been developed on the basis of western wheat growing. Without wheat or a satisfactory substitute, one-half of Canada faces bankruptcy; a main prop is gone from our vital export trade.

Then the *Financial Post* goes on to say:

A permanent policy must be developed, with all factors taken into consideration.

With that declaration I believe the western wheat growers will heartily agree. Briefly, then, for the reasons I have mentioned, together with a good many others, I believe deep interest will be aroused in this announcement contained in the speech from the throne:

Measures to assist further in the marketing of farm products will be introduced during the present session.

It is most gratifying to find in the speech from the throne a note of deep concern regarding unemployment and relief. I have the most sincere sympathy for people who are caught in the net of either of these national difficulties. To be sure, we will always have with us a considerable number of people too young and too old to be employed. We will also have with us those partly or totally disabled, through mental or physical disability, who are thus prevented from obtaining employment; and in Canada particularly we will always have seasonal unemployment. People belonging to these three groups form a large proportion of the number listed as unemployed or on relief. One task of government, and a great task of the Canadian people, is to see that unemployment, as it applies to capable men, is reduced to a minimum.

Then we come to the question of relief. The fact that over 31,000 people have been taken off relief lists at their own request—that is at the request of the adults, because this number includes children—and placed upon the land, is a hopeful sign, together with the further fact that 19,000 young men are employed in Canada right now under the farm employment plan. This does not include 2,000 placed in forestry and allied work in British Columbia—also a hopeful sign. At the same time, according to figures recently released, the grand total of all classes of persons benefiting by aid showed a substantial decrease from the year 1937.

I have always taken a deep interest in the youth of our land. When it has been possible I have never failed to lend to them a helping hand—and I do not say that in any spirit of boastfulness. This is one reason why the youth training program now being carried on appeals to me very strongly. It is giving to many of our young men and women, in a simple and inexpensive way, an opportunity the better to fit themselves for the responsibilities of life. I am delighted to find that out of over 5,000 who completed the course in 1938, forty-five per cent were placed in gainful occupations prior to November 30. That is a good record.

A few weeks ago I had the privilege of visiting two of those schools, one in the city of Brandon and a smaller one in the town of Oak Lake. May I say I was profoundly impressed with the type of training being imparted. It was of a practical kind; it was not training those young people for life in the clouds, but rather was fitting them the better to discharge the everyday responsibilities of their lives, and training them in the principles of good citizenship. No one can tell me that in the future there will not be many happier homes and a greater measure of contentment because of the good training imparted in those various schools.

If there were time, Mr. Speaker, I should like to discuss some other subjects mentioned in the speech from the throne, and particularly the work done by the Department of Agriculture in connection with the Prairie Farm Rehabilitation Act. This work of conserving the spring flow of water for uses of stock during the year is a tremendous boon to thousands of farmers in the west, and an expansion of the area to which it applies would be a further help to many others.

Permit me to say in conclusion that although some of my remarks have applied more directly to western Canada, they are not made in any sectional spirit. I am interested in Canada as a whole. I believe, with Roger Babson, that Canada has the brightest future of any nation in the world. I was born in eastern Canada; I have always lived in Canada. I know Canada fairly well from coast to coast. I know something, too, of the aspirations of its people, and I am aware, as we must all be aware, that Kipling did not have Canada in mind when he said:

East is east, and west is west, and never the twain shall meet.

So far as Canada is concerned, east and west have already met. Central Canada, eastern Canada, and western Canada are knit together by ties of kinship and bound together by bonds of nationhood. Surely by this time we have all come to realize that that which is detrimental or beneficial to one part of Canada is, as a matter of necessity, either directly or indirectly, detrimental or beneficial to the other.

For my own part I am confident, as I saw suggested a few days ago, that eastern and western Canada working together can unite on policies which will bring back stability to the prairies and increased progress to eastern industries. Regardless of what the pessimist may say, I will still maintain that if east and west in a spirit of mutual helpfulness will agree to merge their difficulties and share

their triumphs, Canada will continue in the future, as in the past, a united and progressive nation, the brightest star in the British crown.

Mr. LIONEL CHEVRIER (Stormont) (Translation): Mr. Speaker, in accordance with an old parliamentary custom, one of the two speeches made in moving and seconding the address, is delivered in French.

This year the honour of making the French speech has fallen to your humble servant. I am indeed most grateful to the Prime Minister (Mr. Mackenzie King) for having chosen me. His choice was undoubtedly intended to honour the county of Stormont, which is rapidly gaining more and more importance in our national economy. The county of Stormont contains a large population of workers and farmers to whom this quotation from Longfellow's "Evangeline" may be fittingly applied:

> Men whose lives glided on like rivers that water the woodlands
> Darkened by shadows of Earth, but reflecting an image of Heaven.

There are to be found also in the county of Stormont great potential hydroelectric resources which the United States are endeavouring to develop jointly with Canada, and which, when developed, will make that area one of the richest and most prosperous in the Dominion. In choosing me, the Prime Minister also wished to pay homage to the French-speaking population of Ontario, who, in the days of Laurier, and even before them, embraced the Liberal faith, and have since remained faithful under the guidance of Mackenzie King. In the name of the French-speaking people of Ontario, and in the name of my own constituents, may I express my deep gratitude to the Prime Minister.

At the outset, in greeting you, Mr. Speaker, let me say how pleased we all are to see you again in the chair, ready to resume your sessional duties. We know that you will preside over this house with the same tact, courtesy and patience you have shown in the past.

I also wish to take this opportunity to pay tribute to the former leader of the Conservative party, Right Hon. Mr. Bennett, who, unfortunately is not in his seat at present. It was with deep regret that we heard last summer that he was to leave Canada to reside in England. May I be permitted to say that his departure will be a serious loss to his own party and to Canada as a whole. All members will join with me in wishing him health, long life, and a long and fruitful career abroad.

[Mr. Matthews.]

Since last session the Conservative party has chosen a new leader, who is well known in this house, I wish to congratulate Hon. Doctor Manion upon the high honour bestowed upon him. His qualities as a leader and as a fearless debater and experienced parliamentarian will be invaluable assets to his party. I wish him long life as the Leader of His Majesty's Loyal Opposition.

The dominant note of the speech from the throne is undoubtedly the reference to the visit of Their Majesties, King George VI and Queen Elizabeth, next May. No news has ever been received with greater enthusiasm in Canada than the announcement of their coming to this country. All Canadian citizens, without distinction of race or creed, rejoice at the prospect of this visit. I am sure that, from near and far, they will hasten to pay homage to their majesties and give expression to sentiments of loyalty and devotion to these two illustrious personages, representing the supreme authority. Our people will be eager to manifest their allegiance and fidelity to the British sovereigns, who, under the statute of Westminster, are also King and Queen of Canada.

(Text) During the course of the summer this country was singularly honoured when it received as its guest no less a person than the President of the United States. Jointly with the Prime Minister of Canada he officiated at the opening of an international bridge near Brockville. His visit will long be remembered by those who were present and his statements marked the beginning of a new era in our relationship with the United States. At Kingston, where an honorary degree was conferred on the president by Queen's university, he declared that if Canada were ever attacked by a foreign nation, the United States could not and would not stand idly by. I need not labour the importance of this declaration so far as we are concerned.

At Ivy Lea the president discussed with his vast audience the project of deepening the St. Lawrence waterway, which often has received the attention of this house. He invited consideration of the draft treaty laid on the table of the house during the last session. In view of the serious unemployment situation which prevails in the country at the present time, this problem should receive the most careful consideration. The president's visit was a momentous one and helped greatly to strengthen the ties which already unite us to our neighbours to the south.

(Translation) Leaving this pleasant part of the speech, may I now turn to a situation laden with grave consequences for us all. Towards the end of September last we passed through

tragic days, hours full of anguish. We were on the verge of war. Never since the fateful year of 1914 had we faced a crisis so full of momentous events, where the slightest blunder on the part of certain statesmen might have started a European conflict in which our whole civilization would have perished.

The Czechoslovakian crisis was provoked by the coming into play of the interlocking alliances and ideological passions of two important groups, one led by Hitler and the other by Mussolini. These two leaders of men are characterized not only by the dictatorial organization they have given Germany and Italy, as Paul Van Zeeland tells us, in effect, but by the personal magnetism with which they succeeded in galvanizing their peoples and expanding their forces, thus increasing the power of the two countries to a formidable degree. What brings them still closer together is the fact that, in order to attain their purpose, they both took advantage of the struggle against communism, destroyer of internal order and a menace to the peace of the world.

The Sudeten Germans, encouraged by Berlin, demanded autonomy and a radical change in the foreign policy of Prague. Hitler, encouraged by the successful Anschluss, sought to extend the influence of the Reich towards the east. The problem was all the more serious as France was bound to Czechoslovakia by a guarantee of assistance, the validity of which she publicly affirmed on several occasions. Military preparations and unfortunate border incidents made the situation worse. London attempted diplomatic manoeuvres but conferences and negotiations proved unsuccessful. Hitler wanted war at all costs, and massed his troops on the Czechoslovakian border. It was then that Chamberlain, a man who had never travelled by air, made his historic flight which resulted in the Munich agreement. This pact has been the butt of bitter and violent criticism. Now that the storm has abated, however, and calm is restored, who can in all sincerity affirm that Chamberlain did not act wisely? Could France effectively defend Czechoslovakia had Germany attacked? Had England completed her rearmament program, and was she ready for war? Would Russia have intervened in the conflict in the face of a domestic crisis? And, inwardly, was Rusia not rejoicing at the prospect of a war which would have weakened the four European powers and left her a free hand towards the west? These questions must be answered in the affirmative if Chamberlain is to be condemned.

And what of the attitude of our Prime Minister, who at the time of the crisis was also severely criticized by extremists clamouring for a promise of intervention? He remained calm and wise, as usual. Strengthened in the attitude he took at the time of the Chanak incident, he stated that the Canadian parliament alone could decide whether Canada should participate in a war which might affect other parts of the British empire. After the Munich conference, the Prime Minister approved of Chamberlain's peace gesture, and all right-thinking citizens endorsed the government's policy.

(Text) At this juncture I should like to turn to another subject mentioned in the speech from the throne and which to my mind is equally as important as the one I have just discussed. I refer to the tripartite agreement which was signed at Washington in November of last year. Ever since this government has been in office it has sought by all the means at its disposal to break down the barriers of economic nationalism by opening up channels of trade. No sooner had the Prime Minister (Mr. Mackenzie King) been returned to office in 1935 than he succeeded in negotiating a treaty with Washington which expired in January of this year. The treaty which was signed recently is more important and will have far wider effects than the previous one. It may be considered from two points of view.

In the first instance, a challenge had been thrown out to democracies in recent months that they were impotent, unwieldy and slow and that their hope of preserving liberty and freedom was on the wane. The treaty was a complete answer to totalitarianism. It showed the world that the democracies were no longer paralyzed, but were very much alive. In the matter of trade at least it showed that they had left the dictatorships lagging far behind. This treaty, coming as it did after the dark days of September which brought us closer to world conflagration than anything that has taken place since 1914, had the desirable effect of uniting in a common bond of friendship the great democracies of the world.

In the next place, the treaty may be regarded as conferring great benefits upon Canada's primary industries. The fishermen in the maritimes and the potato growers in New Brunswick and Prince Edward Island have easier access to the markets of the United States through larger quotas. The lumber operators were able to get unanticipated benefits in connection with British Columbia fir, red cedar shingles and hemlock. The farmer of the prairie provinces was not forgotten. The dairymen of eastern Canada have obtained important concessions on milk, cream and cheese.

The manufacturers of textile goods fear that they are being injuriously affected. The raison d'être of their fears will be confirmed or dis-

pelled with the operation of the treaty. It must be remembered, however, that they may now import their raw material upon easier terms and that certain of their textile products may be exported to and sold on the American market. If the dumping of American products can be averted by the relevant sections of the Customs Act I do not believe that the manufacturers will fare too badly. In any event, in the consideration of this treaty there is one thing that should be kept in mind. When great achievements are obtained, very often great sacrifices must be made. Sacrifices had to be made by Great Britain, the United States, and Canada in the interests of peace on behalf of the cause of democracy, and I believe that those sacrifices should be and will be generously accepted.

(Translation) The speech from the throne mentions another momentous question—the problem of youth training. There are great numbers of young men and women at present unemployed, and a great many others who, upon graduation from our colleges and universities, know not where to turn. It must be remembered, however, that the youth of to-day will be the nation of tomorrow. We must rely on youth if the ship of state is to be kept on an even keel. Therefore, we must find means of training youth for the part it is to play.

The government voted a large amount for youth training, and I wish to congratulate the Minister of Labour (Mr. Rogers) on the manner in which the money has been expended. In cooperation with the provincial governments, youth training programs have been set up which are classified as follows:

(a) training projects of an occupational nature;

(b) learnership courses in industry;

(c) work projects to combine training with conservation and development of natural resources;

(d) physical training programs to maintain health and morale.

Those provinces which have adopted this plan have derived great advantages from it. It is only a beginning, however, and much remains to be accomplished. It would seem that a greater measure of publicity should be given to those programs for the rehabilitation of youth, since a great many communities appear to be unaware of what has been done.

The Canadian Corps Association has recently set up a program of youth training which seems to be commendable in many respects, and certainly deserves to be given careful consideration.

[Mr. Chevrier.]

Mr. Speaker, we are passing through a difficult and dangerous period of our history. Hate and distrust are everywhere. Nations are arming to the teeth in anticipation of war. Subversive ideas are being spread everywhere, class consciousness is being fostered, and our whole social order is threatened. We must fight those agitators preaching hate and disorder. In order to fight them effectively, it is not sufficient to affirm the superiority of democracies over dictatorships. We must show by our actions that such superiority actually exists, and that in our midst there is always room for social justice and peace.

We must come to the help of those who suffer: the worker who lives in constant fear of unemployment; the farmer who does not obtain a fair price for his products; the unemployed who are willing to work. We must make plain to those who are embittered against society that the cause of their ills is not our social order, but the abuses resulting from the doctrine of individualism; that socialism would only aggravate their predicament; that the aim should be, not to destroy our present order, but to reform it without delay, since otherwise it is futile to attempt effectively to defend society against the assault of revolutionary forces.

(Text) In order to preserve democracy and promote its welfare, the state must guard against two dangers; first, the danger of leaving too much to private initiative; second, the danger of leaving too little to the effort of its citizens. It must avoid the two extremes of individualism and paternalism. Whenever the general interest of any particular class suffers or is threatened with evils which can in no other way be met, the public authority must step in to meet them. This indicates that there are some situations where it is the duty of the state to intervene, and others where it must refrain from intervention. Democracy, therefore, in the true sense is that in which all classes will find representation—the poor as well as the rich, the feeble as well as the strong, the farmer and the wage earner as well as the high salaried director. In such a state more justice and charity would be meted out, and equilibrium among the various classes of society would be restored.

(Translation) The present government, by various legislative measures, has contributed to bring about the proper balance among the various classes of society. The speech from the throne mentions other proposals which, I hope, will be carried to a successful conclusion. I have much pleasure, therefore, Mr Speaker, in seconding the motion of my

hon. and distinguished friend, the member for Brandon (Mr. Matthews) for the adoption of the address in reply to the speech from the throne.

HON. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like first to offer my very hearty congratulations to the mover (Mr. Matthews) and to the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. On a good many occasions in this house I have listened to new members, to young members and some not so young, performing this duty, and I say at once that the two hon. members who moved and seconded the address to-day did so as creditably as any other two whom I have ever heard. The air of the constituencies of Brandon and Stormont must be conducive to good speaking, because I well remember that during the campaign to which my hon. friend the member for Brandon (Mr. Matthews) referred, in which I myself made a couple of speeches—but not very effectively, apparently—the young candidate who ran against him, George Beaubier, surprised me with his splendid gift of eloquence. And in regard to the constituency of Stormont, the predecessor of the present member of that constituency, Frank Shaver, was also a splendid speaker upon any subject in connection with which he took part in debate. So that the house was favoured to-day, Mr. Speaker, in these two addresses by members from constituencies where, if we are to judge from their performance here, the air is conducive to a high quality of public speaking.

May I add one word in regard to the hon. member for Stormont? It always surprises, I think, those of us of English extraction to note the ease with which Canadians of French extraction shift from one language to the other. I have perhaps never heard anybody shift quite so often or quite so easily as my hon. friend (Mr. Chevrier) did to-day. At the same time it does make some of us English-speaking people a little ashamed that only from French Quebec do we get this gift of the two languages, which is such an asset to any member of this house, but which unfortunately does not exist to any very considerable extent outside the province of Quebec.

Unfortunately, I find myself not altogether in agreement with everything the two hon. gentlemen have said, but they would hardly expect me to agree with them entirely. The hon. member for Brandon was not happy in his reference to the voice of western Canada. He argued that his success in Brandon was an indication that the voice of western Canada had spoken emphatically in support of this government. As I recall, however, the vote did not quite show such a result. On looking up the vote I find that the present member for Brandon received 6,583 votes and his opponents 9,177. If that distribution of votes represents the voice of western Canada, then I am rather afraid that it is not very encouraging to the government. Indeed, the hon. member received just over 41 per cent of the votes. If therefore the voice of Brandon was the voice of the people of Manitoba, then the voice of Waterloo South was the voice of the people of Ontario, because I find that the hon. member for Waterloo South (Mr. Homuth), the able and active gentleman who represents that constituency, with ten or twelve years of very valuable experience behind him in the provincial house at Toronto, swamped his two opponents, both the Liberal and the representative of the Cooperative Commonwealth Federation—swamped them to such an extent that they both lost their deposits. That makes me rather strongly of the opinion that, if we must judge by by-elections, the government has no reason to regard the results as very encouraging. The Liberal received in the constituency of Waterloo South just 24 per cent of the vote. The Conservative received over 50 per cent and the representative of the Cooperative Commonwealth Federation got the remainder. The Liberal received altogether just under 25 per cent in Waterloo South. I repeat, therefore, that the hon. member for Brandon was not quite fortunate in that reference. However, I will let it go at that.

My hon. friends opposite made a gallant attempt to win the Brandon by-election and they succeeded through a minority vote. They sent to the constituency three ministers, ten members of parliament and three members of legislature. They did pretty well. They missed one of the ministers, however. The hon. member for Port Arthur (Mr. Howe), the Minister of Transport, was to have appeared there the day I was there but through an accident he did not arrive. The other day he said that it was a good thing that he did not because every by-election that he had taken part in had been lost to the Liberal party. That is his joke, not mine. On the other side, we had in support of our candidate, the Hon. J. L. Bowman and myself among privy councillors, two members of legislature and one member of parliament. We were altogether outnumbered and, from what I have heard, the odds were against us so far as cash was concerned. That is the information that has been given me.

May I say one other word about the hon. member for Brandon. The hon. gentleman spoke of the importance of wheat growing

to the people of Canada, and with that remark I am wholly in agreement. No one coming as I do from the head of the lakes, for many years the spout of the funnel through which passes the wheat of western Canada, can fail to grasp the importance to this dominion of the wheat-growing industry of the west.

Perhaps I shall be forgiven if I express now, in this my first set speech since my return to the house, something in the way of appreciation of the honour that has been conferred upon me in being chosen as leader of one of the two great parties that have governed this country for the last seventy years or more. In spite of all the criticism that has been heaped upon these two parties, I believe that they have done fairly well in the government of Canada throughout these years. I would express my appreciation of the honour that has come to me in being made the representative of the constituency of London. Many able and outstanding men have represented that constituency, and it is a matter for pride that I should now be its representative. I highly appreciate the honour of representing that fine old city.

I have already expressed publicly, and I should like to do so again in a word, my appreciation of the courtesy shown by the Liberal party in refraining from opposing me in the by-election. After all, it is only in keeping with the traditions of our parliamentary life. If you will go back over the years you will find that the same course was followed by the Conservatives in 1919 when the Prime Minister (Mr. Mackenzie King) ran in Prince Edward Island. The same courtesy was extended by the Liberal party to my friend Arthur Meighen when he ran in Grenville-Dundas in 1922. May I therefore express again my deep appreciation of the courtesies shown me by the Liberals on the occasion of the by-election.

I realize sincerely the duties and responsibilities that devolve upon me as leader of one of the parties in Canada; yet, having been chosen by a great convention, I feel that no more can be expected of me than that I should do my best. For that convention did display a feeling of unanimity and progress, and there was on its part a realization of the changing times in the progressive attitude which it took on a great many questions. After all, we are living in a time when men of all religious and political beliefs must see that in a changing era all the world must continue to change. I may fittingly conclude these observations by thanking both the public and the press of the country for the kindly way in which they have received my first efforts since my election in July to the leadership of the National Conservative party.

And now I should like to deal with the speech from the throne. I have read it carefully two or three times, and whatever else we can say about it, we must admit at once, I think, that it is preeminent at least in regard to quantity. I have the word of one very industrious member behind me, who has measured the space in Hansard taken up by the speech from the throne in the past twenty-three years, that no speech from the throne has occupied quite so much space as the one with which we are now favoured. Whatever criticisms I may have to make of this document, therefore, the right hon. gentleman can rest assured that, in that one respect at any rate, it is preeminent.

May I deal briefly with the different paragraphs of the speech. With the first, announcing that Their Majesties King George VI and Queen Elizabeth have graciously decided to visit Canada, and that that announcement has been received with rejoicing throughout the dominion, I think that not only all hon. members in this house but the people in all parts of Canada will fully agree. Their majesties, as one of the previous speakers properly observed, are as much the king and queen of Canada as they are the king and queen of Britain or of any other part of the empire. When we look at the romantic picture of the young man and the young woman who have assumed the very onerous duties of their office, when we realize that at the coronation not so very long ago they dedicated themselves to the service of the empire, and that they have since honoured that pledge as well as did his majesty's father King George V and his mother, Queen Mary, we cannot help feeling the greatest admiration and the sincerest affection for their majesties. I believe, sir, that is the feeling of everyone in this country. I do not believe there are any sections or groups that are not entirely loyal to the king and the empire, although there may be some differences of opinion here and there as to how that loyalty should be shown.

Another attribute of the present king and queen, and this applies equally to King George V and Queen Mary—I have mentioned it on other occasions, in Canadian Club addresses and so on—is that they have given throughout their lives such a splendid example of fine home life. After all, the home is the cornerstone of the nation; and for that as well as for many other things I think we owe a debt of gratitude both to the former and to the present king and queen. I can add

my words to those the Prime Minister has put into the mouth of his excellency, that our king and queen will certainly receive from every part of Canada and from all groups in this country a most hearty welcome when they visit this great dominion.

In regard to our friendship for the United States, which is referred to in the next paragraph, I believe it is true that next to the empire all of us in Canada feel an exceedingly deep friendship for the great republic to the south. I heartily endorse that part of the speech in which reference is made to the friendship of Canadians for the people of the United States.

Then there is reference to the rejoicing at the peace brought about by the work of Prime Minister Chamberlain and Premier Daladier in September last. Certainly all sane people in the empire appreciate the magnificent work that was done by these men in keeping the peace of the world. It seems to me that only a madman would want war in a world such as we have to-day, with the possibilities of destruction that exist.

Coming to the next item, the question of defence, the government says that Canada's defences must be materially strengthened. With that statement I certainly will not quarrel. I say most sincerely that I believe, and all thinking Canadians must believe and realize, that under conditions as they exist at present, when there are men who seem bent on destroying democracy and on controlling the world, Canada cannot alone be without defences. Especially when you think of the dictators and of the threats they have made and are making almost daily, when you have in mind our huge area, rich resources and sparse population, you realize that Canada would be a very choice morsel for any of the dictators. Some time ago I made it my business to make a comparison of certain geographical areas, and I found, as I had expected, that the area of Germany, Italy and Japan, the three chief dictator nations of to-day, taken together, is just a little greater than that of the province of Ontario; yet in those three dictatorships they have just under two hundred million people, while in Ontario we have less than four million. I do not think any further words of mine could make clearer the significance of that comparison. And nothing I could say would demonstrate more fully the need of a proper defence system. Many authorities on air fighting, of whom I do not claim to be one, have expressed the opinion on several occasions recently that Canada and the United States, this whole continent of America, north and south, are in danger from the air. While I profess no expert knowledge of the matter, personally I think those experts are probably right. For these reasons I wholly endorse the idea that we should have in this country a proper defence system.

I am now going to suggest something which in these remarks will be perhaps the first monkey wrench that I throw into the machinery, and it is this. If some of the right hon. gentleman's lieutenants from the province of Quebec had not been so assiduous in years gone by in preaching to the people of that province the doctrine that this party was the militaristic party because we believed in a certain amount of defence, about half of what we have to-day—if they had not been so assiduous in that regard they would not to-day find it so difficult to remove the prejudice which they built up in regard to defence.

The next paragraph with which I shall deal is that relating to the defence purchasing board. I am more or less in accord with the idea of a defence purchasing board, but before commending it completely I should like to know its personnel; I should like to know for example that it is not going to be a political purchasing board, that it will not be a case of picking one man and ignoring all others in regard to competition, picking a man and financing him while he runs around the world getting ideas about defence and then giving him the contract without permitting anyone else to tender. I should like to know that, before I unqualifiedly endorse the idea. But as a Canadian citizen who for a long time has been familiar with public opinion I am convinced that the making of large profits from the manufacture of munitions or armaments is repugnant to the ideals of the Canadian people, whether such profits be made directly through a percentage of the amount of the contract, or by selling stock, or in any other way. The making of huge profits on munitions is looked upon by many of our people as taking blood money, as profiteering in patriotism. Some time ago I expressed this view, and I am going to read from a statement which I made in Toronto to a non-political group, the Canadian Commercial Travellers' Association, on December 16 last, just a month ago to-day. In fact I had made the same statement with almost no modifications about two months earlier before the Kiwanis Club in London, during the by-election in that city. I read it because it is exactly as I gave it to the Canadian press, and it expresses my opinion perhaps better and more concisely than I could state it in these remarks. I am quoted as follows:

"All arms and munitions needed for the direct defence of Canada should either be

manufactured by the government itself or under the complete control of the government, with profits eliminated", Hon. Dr. R. J. Manion, leader of the National Conservative party, said last night at the annual banquet of the Commercial Travellers' Association of Canada.

"In addition there should be complete control of profits in the manufacture of arms and munitions of all kinds for the United Kingdom", said Doctor Manion.

"These proposals are fair", he said, "because they leave plenty of opportunity for private enterprise; they give a real opportunity for service to Canada; they assure cooperation and a fair deal to the empire and thereby assure Canadian producers of their share of the immense British contracts for munitions and armaments which are required."

Doctor Manion said he offered government control and elimination of profits as an alternative to complete nationalization of armament manufacture, because "I don't like to see the governments getting too much into business and because of the large capital expenditures complete government manufacture might involve."

That statement expresses my opinion to-day. It is open to modification in detail, but again I say I do not wish to quarrel with the proposal of a defence purchasing board. I do want to know the set-up and the ideas back of it and the principles on which it will work.

The next paragraph of the speech from the throne refers to the trade agreement with the United States. Even in the speech from the throne there is a certain amount of propaganda on behalf of that trade agreement, propaganda which was put out on a very large scale as soon as the agreement was signed. It was signed on November 17, and on the following day and for many days thereafter the press was printing the forty-six pages, I think, of comment handed out by the government, all of it commendatory. A little later I shall deal with that in a very general way, but I want to say that in my opinion there is too much propaganda being put out by the government in regard to such things as the trade agreement and other matters. It is being put out over the radio on various occasions; in fact I made it my business to try to get a list of all the ministers who have been speaking on the radio across Canada for the last six or eight months. I have here a list of some ten or twelve ministers who have been speaking on the air, supposedly explaining the workings of the various departments of the government and, of course,—perhaps justifiably, since they are on the air—throwing in the odd word which would show their great work in looking after their various departments.

I suggest here, sir, that in future, whether it be the present government or the one which will succeed it next year, when we want propaganda of that sort put out, the men who write the statements should read them, because I venture to assert that not one of the ministers wrote the statements which they so carefully read over the radio. I speak with some authority and knowledge, because I did that myself on one occasion. At any rate I have the idea that it might be well if the deputy minister or the assistant deputy minister or the secretary, or whoever writes the statement, should read that address, in order to avoid the impression—which is probably false—that some of the ministers might try to put over a little political propaganda. I mention this partly as a result of what I was going to call the action of the government, but according to the statement made by the Prime Minister I willingly refrain from blaming it on the government. However, I do want to refer very briefly to the incident which occurred as between the radio corporation and George McCullagh.

It strikes me, sir, that this censorship, because that is what it amounts to, is not appropriate while all the time we—all of us—are talking so much about our democracy. We all talk a great deal about the value of free speech, a free press, free religion, free assembly, and so on; I have done it many times myself. But with all due respect to the officials of the radio corporation, and with all due respect to the statement made by the Prime Minister this afternoon, I submit that in this country it is not sufficient that any one man should have the power to say who shall or shall not speak over the radio. We all know that in Italy, Germany and Russia no one may have the freedom of speech we have here, but I resent the idea that any prominent man who is a law abiding citizen, who does not advocate anything in the way of revolution, who does not offend any great body of people, whether in connection with religion or in any other way, should be forbidden to speak over the air, when other men have been given that privilege.

Take the example of Mr. George Drew, who was recently elected leader of the Conservative party in the province of Ontario. According to a statement which I read in one of the Toronto papers just yesterday or the day before, George Drew said he was permitted to do what George McCullagh was not allowed to do. Mr. Drew stated that it was put up to him that he should have the backing or endorsation—I have forgotten the exact word—of some organization, such as the Conservative party, for example; but he said he refused to ask for any endorsation and spoke as a private citizen. I do not mind saying that I do not

agree with very many of George McCullagh's views, but I do not think he should be placed in any different position from George Drew in that regard. In addition, in the correspondence between Mr. McCullagh and Mr. Gladstone Murray, which I glanced over this morning and which I have before me, Mr. McCullagh states that even a communist gets the opportunity to speak over the air which is denied George McCullagh. Well, I have some objection to communists speaking over the air. I have no objection to socialists, but my objection to communists being allowed to speak over the radio is that the fundamental principle and the whole doctrine of communism is revolution. They believe in world revolution; they believe in upsetting governments not by evolution, not by the ballot but by the bullet. Yet Tim Buck or some other communist may have the privilege of speaking over the radio—and this was not denied by Mr. Gladstone Murray—in order to air his views, while George McCullagh, a business man, may not do so.

I repeat, sir, that I believe any law-abiding business man who is willing to pay for the time he takes on the radio should have the right to speak over the air, so long as there are not so many of them that they take up the time that should be used for the legitimate purpose of entertainment. I believe it is the right of George McCullagh to express his views over the air; at least as yet I have not been convinced to the contrary, and I do not believe that any individual, Mr. Gladstone Murray in this case, should have power to say who may or who may not speak over the radio. If this system is to be carried on there should be something in the way of a commission or a committee, some body of men—it should not be limited to the judgment of any one man, I care not who he is—to decide who shall or shall not speak over the air. After all, sir, I should be glad to listen to some of these big business men, as I was glad to listen to George McCullagh yesterday, though he was not very complimentary to the Prime Minister, to myself or to anyone in this house. As I say, I should be glad to listen to the views of these men, because I think for the past twenty years, at least during my experience in public life, it has been too much of a habit on the part of too many big business men to condemn out of hand, as sort of half-witted men, those of us who dared go into public life, and I should like to know some of their reasons for so doing. When they get on the air, as George McCullagh did yesterday, we may hit back if we choose to do so. When they are deprived of that opportunity while others who have messages perhaps not so appropriate or not so sincere are permitted to broadcast them, then I do not believe the Canadian Broadcasting Corporation is carrying out its full duty. After all, if the radio is to be controlled in this manner we might well ask ourselves if it is the press that is going to be controlled next.

To show the foolishness of it all let us consider the position of George McCullagh. In a sense he owns the Toronto *Globe and Mail*. He is backed by one of the richest men in Canada, if not the richest; I refer to Bill Wright, who largely owns the Wright-Hargreaves mine. If McCullagh wants to do so he can not only publish his ideas in his own newspaper; he can broadcast them in every paper across Canada. He chose a very expensive method yesterday of circumventing the order of the radio corporation, and if he so desired he could do that on a very much more extensive scale. It seems to me that the whole ruling shows a lack of judgment which is not good for this country; that is my opinion for the present, at any rate, until I know more about the matter than I know at present.

We have to listen to all kinds of people on the air. Last night, in order to make myself forget the difficulties of my present position, I listened for a while to Jack Benny and Charlie McCarthy. After all, probably I profited more by listening to George McCullagh in the early afternoon than I did by listening to Charlie McCarthy in the evening, although I did not laugh so much at George. There are others who have been on the air for some years, and whom we could very well dispense with, much better than we could dispense with George McCullagh. For example, there is one commentator in the United States—I do not like to name him, because I am not sure enough of his name, though I think I know it—who was born in England but who came to the United States and became naturalized. Now, his chief pride is in abusing the British empire, abusing England, and telling about the tyrannies from which he escaped when he came to the United States. When I listen to a fellow of that sort talking over the air, across our country, as he has been, and giving opinions, it annoys me very much indeed. And when I listen, as I did during the international crisis of last September, over the Canadian Broadcasting Corporation network, under the same management, to broadcasts made by commentators from Germany who were giving nothing but the German aspect of the whole affair, it also makes my blood boil. Again

I say we are much safer in the hands of a man like George McCullagh than in the hands of men such as the two groups I mentioned a moment ago. And so I suggest that if there is to be any censorship such as this, the right hon. gentleman should forthwith have something in the way of a censorship broader than that which can be afforded by one man, no matter who or how able that one man may be.

I furthermore suggest, in view of other things which are being said about the radio corporation, that we should have set up this year a committee of the House of Commons to deal not only with the question of censorship but with other matters as well which affect the broadcasting corporation.

I now come to the question of unemployment. I shall deal with it more fully later; at this time I shall confine my observations to one paragraph in the speech from the throne dealing with that subject. The statement is made that under the British North America Act the responsibility for unemployment and the solution of its problems is necessarily divided. The legal responsibility is perhaps divided, but, sir, to a large extent the solution of the problem is the duty of this government and parliament. It was pointed out even by the Purvis commission appointed by the right hon. gentleman opposite—and I shall speak of it in greater detail later—that the financial responsibility for unemployment is a direct responsibility, and that that financial responsibility is federal, not provincial. The relief question, of course, is another question. But they have pointed out what I have now stated. So that when the suggestion is made that the responsibility is perhaps divided, I may agree so far as the question of legality is concerned, but I do not agree in toto so far as the responsibility for the cure of the condition is concerned.

I shall next deal with the paragraph referring to the royal commission on dominion-provincial relations, which is as follows:

> The report of the commission on dominion-provincial relations will be presented to parliament in the course of the present session. In accordance with the purpose for which the commission was instituted, its report will provide the basis for, and the material essential to the deliberations of a national conference, at which, among the important subjects to be dealt with, will be the problem of unemployment and social services generally.

This government has been in power nearly four years. We find that at the expiration of that period the government says, "We are going to call another national conference to tell the government and the members of the house what we must do about unemployment." This is the same government, led by the same right hon. gentleman, who was going to cure unemployment, and attacked us because we had not cured it.

Some hon. MEMBERS: No, no.

Mr. EULER: It was the other government.

Mr. MANION: I do not know what hon. gentlemen are cheering about. If they are applauding me, I appreciate it; but I did not catch what they said.

I repeat that this is the very government—all its members, and the right hon. gentleman particularly—which attacked us, over and over again in the house for our inability to cure unemployment. And now, after four years of power, it is going to call a national conference to tell it what to do about the problem! Well, I think almost any conference could tell it to do something much better than that which it has done. I make that statement frankly. It is a reflection upon itself to put it into the mouth of His Excellency the Governor General that it will have to call a conference.

Hon. gentlemen opposite reiterate their faith in unemployment insurance. Somewhere in the bible it is stated that faith without good works is dead. The right hon. gentleman opposite and his group for a long time have been reiterating faith in unemployment insurance, but this is still a faith without good works.

Another paragraph in the speech from the throne is in these words:

> It is also proposed to undertake, with provincial cooperation, to provide assistance to municipalities which, as an alternative to the provision of direct relief, desire to expand their normal programs of civic improvements.

May I point out to the right hon. gentleman that to-day very few municipalities in Canada can afford to do any such thing? Certainly all municipalities are taxed to death, because of relief costs. Certainly all municipalities are unable to cooperate financially with the dominion government or any other government in connection with a program of public works such as is proposed in the speech from the throne. I repeat what the Purvis commission said, namely, that the responsibility for the cure of unemployment is not municipal or provincial; it is federal.

I now come to another statement in the speech from the throne, and because I question it I shall read it. I know that if I am right in my conclusion the right hon. gentleman is mistaken, in good faith. If I am

right, however, then he exaggerates by just about one hundred per cent. Here is the paragraph in question:

> Notwithstanding the embarrassments and handicaps encountered in coping with the problem of unemployment, it is gratifying to be able to record that, during the past year, there has been a material reduction in the number of those receiving agricultural aid, and a reduction also in the total number of those receiving public assistance due to unemployment and agricultural distress.

And then comes the part to which I draw particular attention and which I question:

> At the beginning of the present winter the number of those receiving such public assistance was almost forty per cent less than two years ago.

I do not know where the right hon. gentleman got his information but I could not get any such information as that. I have endeavoured honestly to get it, but the information given me is entirely at variance with this paragraph. I find in the report released by the Minister of Labour (Mr. Rogers) on January 14—only two days ago—that the total number on relief at the present time amounts to 809,000. So far as I have been able to ascertain—and there is some difficulty in getting actual facts—in November of 1936 there were 1,046,000 on relief. A comparison of the two figures indicates a decrease of only 22·68 per cent, not 40 per cent, as the right hon. gentleman has suggested.

I have no objection to the right hon. gentleman setting me right at the present time, if he knows how to do it, because I do not wish to misrepresent his position. But I know of no figures differing from those I have given. If the right hon. gentleman would prefer to substantiate his figures when he is on his feet, it will be all right with me. I must point out however that I am giving the figures I received, as I got them, and according to those figures the number on relief in November, 1938, as compared with the number in the same month of 1936, has been reduced by only 22·68 per cent. The right hon. gentleman may have been thinking of another month; that is possible. I do not know whether he did take a different month, and it is a fact that different months vary. I know only this, that I have given the facts as I received them. I believe November is the beginning of winter in Canada. Perhaps there was some such difference in some of the summer months, but in my comparison I am sticking to the beginning of winter, to his own words, "at the beginning of the present winter," and I repeat that winter in Canada begins about November. That is one statement in the speech from the throne to which I take exception, because it is not in accordance with the facts.

Then, in the same paragraph we find this:

> Over the same period the number of persons actually in employment has largely increased.

That of course is a period of two years. I admit the fact, but I also point out that according to the best authority I can get the number of unemployed also has increased.

The next paragraph begins in this way:

> Continuous improvement in the position of the fishing industry as a whole has been reflected—

And so on. That statement is very much disputed. There has been a great deal of dispute about the fishing industry. My opinion is that those engaged in the fishing industry would not agree that their conditions are much better, if indeed they are any better. It is reported by fishing people, particularly from around Nova Scotia, that a large portion of the population in that section of the country is in very bad shape, even in so far as earning a living is concerned.

There is one paragraph I miss from the speech from the throne of this year which did appear in the speech of last year, the one in which the right hon. gentleman boasted a little bit about conditions—and I do not use the term offensively. This paragraph appeared in the speech from the throne delivered on January 27, 1938:

> It is gratifying to note that, during the past year, there has been a further substantial advance in Canada's economic recovery. Revenues have reached new levels. Trade with other countries has materially expanded. There has been a general increase in employment and a marked decrease in the numbers receiving unemployment aid.

He did not mention that this year. He did not mention improved conditions; he could not truthfully do so, because conditions generally ha e gone back. My authority for this is not the Minister of Labour but my hon. friend the Minister of Trade and Commerce (Mr. Euler), who issued a statement around the turn of the year, as did a number of other ministers. He was quite right in doing that, but I should like to give a few quotations from his statement. He said that business had shown a slight falling off, that manufacturing had been slightly lower and that construction contracts were down 17 per cent. I might interject here that construction contracts never did go up very far. They have gone down despite the fact that they were well down anyway. He stated that the gross earnings of the railways were down $10,000,000 in the first ten months, and that retail sales were lower.

That does not quite agree with what the speech from the throne has to say. Naturally I have abbreviated the statements made by the Minister of Trade and Commerce. However, there was one thing that I missed in his statement. According to a statement put out last night, the pulp and paper business, part of the backbone of the industrial life of our country, is down twenty-eight per cent this year as compared with last year.

It is rather strange that the hon. gentleman did not mention the drop in total trade. According to my figures, which I believe are correct, the total trade of Canada, that is our imports and exports, was down $336,000,000 in 1938 as compared with 1937—quite a drop.

Only one industry in Canada seems to have improved, at least from the standpoint of production, and that is agriculture. I am not discussing prices now; I am referring only to production. Perhaps the mining industry may be up also, but I did not get the figures. Practically every line of agricultural production is up. It is a strange coincidence that this is the only industry with which this government has had nothing to do. In other words, providence has helped agriculture. The acts of this government have had an effect upon every other industry in Canada. Agriculture alone depends upon providence, and I think that industry ought to thank providence that it was not interfered with by the present government. I point this out because last year and every year since the right hon. gentleman and his government came into power he and his government have taken credit for the improved conditions.

An hon. MEMBER: Sure.

Mr. MANION: One of my hon. friends says "sure". All right, let him say "sure" when I finish this sentence. If they take credit for the improved conditions up to last year, then they must take the discredit for the adverse conditions of last year. I do not hear the hon. gentleman saying "sure" now.

When the hon. member for Brandon spoke this afternoon he made some comparisons between 1933, when we were in power, and the present time. The right hon. gentleman can do the same, but it is a most unfair comparison to make. We were in power for two years after 1933; we were in power until 1935. The great depression, perhaps the greatest that the world has ever known, certainly the greatest in a hundred years, started a year before this government went out of power in 1930 and continued until about the middle of 1933. It was not a Canadian depression, it was a world depression. According to the best statistics of the League of Nations, thirty million people were unemployed in the industrial countries of the world. There was a decrease in world trade of two-thirds; in 1933 world trade was only one-third of what it had been during the peak in 1929. I was in the house until 1935, and I well remember the right hon. gentleman and his supporters getting up over and over again to blame us for the depression. They did not give us much credit. Unfortunately for us we were in power only for three years or less after there had been an improvement, and then the right hon. gentleman and his government came into power in 1935. Conditions continued to improve for another year or year and a half, and then they turned back in 1937.

I point out that if the government of the present day is to take credit when conditions are good, it must take some discredit when conditions are bad. Since 1937 conditions have not been good in this country. But I intend to adopt a different attitude. I do not say that this government is totally to blame for the change in conditions in Canada. These conditions are world wide, as was the depression of 1929, which continued for two years and a half or three years during our regime from 1930 to 1933.

Apparently my hon. friends opposite feel a little guilty about taking the credit for the pick-up in business, because they are putting out excuses. I notice that four different statements have been issued. One was by the Minister of Finance (Mr. Dunning), an old and true friend of mine whom I am delighted to see back in his place and looking as well as he does; I hope his health continues to improve until it is once more one hundred per cent. But I want to say that even he put out a statement making excuses. The Minister of Trade and Commerce put out one, as did the Minister of Labour. These excuses for conditions were made I suppose because of guilty consciences for having taken credit for the pick-up in business.

This government is very strong on excuses. This government is very strong on propaganda. I mentioned before the fact that ten or a dozen of its ministers—there may be many more but all I could hunt up was that number —have made statements which were broadcast across the continent over the radio stating what good fellows they were. Floods of ballyhoo have issued forth about all kinds of matters. The people have been practically drowned in it. For example, take this trade

treaty or trade agreement that has been entered into—I suppose the two words are more or less interchangeable. There was, as I say, such a flood of ballyhoo and propaganda about this agreement with the United States that the press release took, as I said a few moments ago, about forty-six pages of small print. Those who might have opposed the treaty were shocked into silence. Almost no one has attempted to state even a few truths about it. However, I have not been frightened off and I am going to say a few words. I think it is worth while for the house and the country to know something about it.

I shall endeavour at this time to show some of the weaknesses in this treaty. The government have attempted to show what they claim are its advantages, but no one in or out of the house is capable of judging at once the full effects of the treaty. Only time can tell. This probably gives my right hon. friend a little advantage, especially after the ballyhoo that has been issued, because he has the power to call an election before that necessary time has elapsed. But I am going to show a few of the weaknesses. I am not going to attempt a complete discussion of the matter; I shall make only a few general observations.

I want to state frankly that I believe in trade agreements. I believe that it is one of the methods by which we can build up world trade. Trade agreements are necessary under the conditions of to-day. The world is made up of interdependent countries. It is of advantage, not only to us but to the world generally, to build up trade, provided always that any trade agreement which is made is fair to both sides. I do not think we should try to take advantage of the other party to the agreement, but I believe we should get as fair a deal as he does. I do not question the statement that certain groups in this country are benefited by certain provisions of the agreement. But I say, Mr. Speaker, that we must consider this country, not as nine provinces, not as nine different nations, not as different sections or different groups, but as one nation. We must take the treaty as a whole and endeavour to see if it is just and fair to us. Let us see what the advantages are from the treaty as a whole, and not consider it simply from the standpoint of its effect upon, for example, the cattle raising industry of the west, which effect may be more than counterbalanced by the treaty's effect on some industry in the east, or on perhaps some other industry in the west.

There have been perhaps more or less *sub rosa,* many complaints against this treaty, but the industries of the country may have been too frightened to express their opinions about it. Some of them appear to think it would be more or less unpatriotic to express an opinion against the treaty. I shall deal with the patriotic side of it in a few moments.

To take a specific example, there came under my notice a protest which was being sent to the Minister of Finance (Mr. Dunning) from the boot and shoe industry, pointing out the great damage that was going to be done to it, and setting forth that imports of boots and shoes from the United States in 1938 were more than double the amounts imported from the United States during the previous year.

Mr. EULER: Less than two per cent of the consumption.

Mr. MANION: All right, perhaps, but we must not overlook the fact that every pair of boots and shoes that is imported from the United States takes work out of the hands of some of our Canadian workmen and food out of the mouths of some of our Canadian people. It was some of the people who manufacture boots and shoes in that part of the country from which the Minister of Trade and Commerce (Mr. Euler) comes who made this protest to the Minister of Finance.

Some hon. MEMBERS: No.

Mr. MANION: I saw the protest. I suggest this, that if our people were being charged more for Canadian boots and shoes, or if our boots and shoes were not the equal of the United States product, there might be some reason for encouraging imports; but my submission, and my personal observation, from what I have been able to observe on various trips to the United States, is that our Canadian boots and shoes are just as cheap and just as good as those made in the United States, so I cannot see any great advantage in damaging our own boot and shoe industry. I said that last year we imported from the United States twice as many boots and shoes as in the previous year, and my hon. friend the Minister of Trade and Commerce interjected that the imports were less than two per cent of the consumption. I do not know what the percentage is, and so I cannot quarrel with his statement. But I repeat that, without this new trade treaty, our imports of boots and shoes from the United States last year were twice what they were in the previous year, and under the new treaty our imports will probably be much greater than in the past.

Another Canadian industry that is going to be injured by this treaty is the textile industry, and injured not only by the United States but perhaps much more seriously by Japan, where women are paid five or six dollars a month and men twenty-five dollars a month for the ordinary type of labour. Our wages in Canada are many times that amount. But Japan gets the benefit of this treaty, as well as the United States, because the former is one of the favoured nations, and without doubt Japan's exports of textiles will seriously injure the textile industry of this country.

On the other hand take a natural product like potatoes. I have seen many articles in the press, and in particular one press release, with respect to the great gain it is going to be to Canada to have under this treaty an increased quota of Canadian potatoes going into the United States. I speak subject to correction, but well informed people in New Brunswick have told me that one county alone in that province could supply the whole quota of potatoes permitted to enter the United States from Canada. If the statement is not correct, people from New Brunswick can correct it. I am giving the house just what has been stated to me, that the quota allowed under the treaty is so small that the increase will make no great difference.

Time alone can tell what will be the results of this treaty, and we must just judge it as a whole. But there are a few outstanding facts about the treaty which I wish to mention.

Unless the increase in trade is sufficient to make it up, there will be a loss in revenue. Take, for instance, the three per cent excise tax, which is being removed from the articles included in the agreement, and which without doubt will have to be removed from a number of other articles. That tax brought in last year a revenue of just under $19,000,000. The Minister of Finance is probably beginning to worry where his revenues are going to come from. I think the removal of the three per cent excise tax will hurt Canada materially in the way of decreased revenues.

Another outstanding feature of the treaty of which everybody is aware but which should be emphasized, is the removal of the six cent preference on Canadian wheat which was obtained for Canada in 1932 at the empire conference in this city by the government of which I had the honour of being a member. To me the removal of that six cent preference is a serious matter. The history of preferences granted by Great Britain to Canada goes away back to the Liberal party under Fielding in 1897, and from 1897 right down to 1932 efforts were made by both Liberal and Conservative governments to obtain from the British something in the way of reciprocal preferences. The six cent preference on wheat, obtained in 1932 was an important one, but it has been wiped out by the treaty, and its removal will hit us in many ways. Perhaps the west are not objecting to this so much, may be on account of the fixed price on wheat; and after all it cannot affect the west very much this year. But there is this consideration, that every bushel of United States wheat that goes into the British market, the biggest wheat market in the world, and a great market for many other products, replaces just that much Canadian wheat. It means just that much more competition against Canadian wheat. It means just that much more Canadian wheat that we cannot sell because the United States raises the same type of wheat that we do.

But that is not the only disadvantage we suffer from the wiping out of this six cent preference on wheat. There is the question of how business going through our own Canadian ports will be affected. This very day I received a letter from the port of Saint John advising me that business through that port has fallen off markedly since this treaty went into effect, and undoubtedly all the ports of Canada—Montreal, Quebec, Saint John, Halifax, Vancouver—will be affected. Under the six cent preference on wheat, the grain had to go through Canadian ports. I well remember, coming as I do from the head of the lakes and knowing something of the wheat business, that before the war about two-thirds of our Canadian wheat instead of passing through Montreal or Saint John or Halifax went through Buffalo and New York. I tried to get the figures, but it is not easy to get them. I did not get the figures for before the war, but I got them from 1921 on. I find that in 1922—I take the worst year—only 29 per cent of Canadian wheat went through Canadian ports and 70 per cent through United States ports, whereas last year, 1938, eighty-two per cent of our Canadian wheat went through Canadian ports and only 15½ per cent through United States ports. That is a marked change. I am not going to give the figures for all the years, but I say that undoubtedly the removal of this six cent preference on Canadian wheat is going to hurt Canadian ports. Does anybody suggest that it is not going to do so? I cannot imagine that any such suggestion could be made.

Why, Mr. Speaker, the very day after the treaty was signed, word came from New York that the United States was going to get

back their port business because of this removal of the six cent preference on wheat! Dow, Jones and Company, one of the best known financial news agencies in the United States, an agency with which everybody is familiar, was quoted in the Ottawa *Journal* of November 17 last in these words as forecasting what would happen as a result of the removal of the six cent preference.

> The agency said the result of the preference, in effect since the empire trade agreements of 1932, had been to divert most of the Canadian grain traffic from United States ports to Montreal, Saint John and Halifax.
>
> The agency said the move "is considered likely to restore to United States Atlantic ports a large share of the export grain traffic."

And it is doing it. And, Mr. Speaker, from Washington also on that same day there came out statements boasting of the improvement that would take place in the business of United States ports because of the loss of this six cent preference on Canadian wheat. Then we lose the sheltered market of the British wheat buyer, by long odds the greatest wheat buyer in the world.

There are some other commodities on which we also sustain a loss. Take the preference on fruit. The Minister of National Revenue (Mr. Ilsley) has felt a little worried from time to time regarding the ultimate effect on the Annapolis valley so far as apples are concerned. We have lost about half the preference on apples. We are also suffering in regard to pears, honey and frozen salmon. In other words, whatever else we can say about the treaty, the fact is that it is the death-knell of the preferential system under which we have been trading with Great Britain.

I have before me a United States business publication *Business Week*, and in the issue of November 26 the following statement appears:

> The British pact is more important diplomatically, but the biggest trade concessions are made in the Canadian pact. The two new pacts, while they do not wipe out the system of empire preferences which was set up in Ottawa in 1932, mark the first important move to break down that system.

That comment appearing in this United States business journal published in New York gives the United States view of the treaty, and I repeat that in breaking down the system we are breaking down a connection with the greatest market in the world. And for what are we giving up that system? We are giving it up for the most uncertain and erratic market in the world, that of the United States. There has been no other market for the sale of our goods in which Canada has had less assurance. All one has to do is review the history of our dealings with that country to the south.

In 1922 the United States adopted the Fordney-McCumber tariff, which was a tremendous slash at our exports to that market. In the year before that tariff was passed, that is to say, 1921, they were exporting to us nearly two dollars' worth of goods for every dollar's worth that we sold to them, and in spite of that discrepancy they passed the Fordney-McCumber tariff the following year. In 1921 we imported from them goods to the value of $856,000,000 and we exported to them $542,000,000 worth, giving us an adverse balance of $314,000,000. They increased their tariff against us at a time when hon. gentlemen opposite were in power, the same hon. gentlemen who constitute the government to-day. Again, take the Hawley-Smoot tariff. It is true that tariff was erected largely against the world as a whole; nevertheless, as the trade figures will show, it hit us very hard. I do not intend to give all the figures. The comparison was practically the same, showing an unfavourable balance so far as we were concerned, because our adverse balance was $364,000,000; that is to say, they were buying from us $364,000,000 less than we were buying from them at that time. And yet they raised the Hawley-Smoot tariff against us.

An hon. MEMBER: Did it make them prosperous?

Mr. MANION: That is not the question. My hon. friend will not divert me from my argument. Certainly it did not make us very prosperous. Can anyone suggest that a country of 125,000,000 or 130,000,000 people, who apparently resent the importation of Canadian goods, even to the amount of half as much as they export to us, to the extent of putting up trade barriers like the Hawley-Smoot and Fordney-McCumber tariffs, is a market upon which we can depend? Take the twelve months of 1938 as compared with the twelve months of 1937, and what do you find? In these past twelve months, just before the putting into effect of this agreement which has been signed by the right hon. gentleman and the United States representative, the figures show that we had a drop of $133,000,000 in exports to the United States. They dropped from $481,000,000 in the twelve months ending in November, 1937, to $348,000,000 in the twelve months ending in November, 1938, and that despite the 1935 agreement about which the right hon. gentleman has spoken so much. Before the 1935 agreement we had a balance of $1,000,000 in our favour in our

trade with the United States, whereas last year there was a balance of $82,000,000 against us. Trade as a whole had increased, but we had a balance of $82,000,000 against us. It will take more than half the gold produced in this country to meet that balance against us. Does anyone suggest that it is good for us to sell to that huge country less than they buy from us? The Minister of Agriculture (Mr. Gardiner), who was in the west at the same time as I was, pointed out, in the course of a speech in criticism of myself, that exports and imports of Canada had increased since 1935. That is true in general, because world trade had been increasing from 1933 on. But if the 1935 treaty was so good, why is it that our adverse balance has been getting larger and larger?

It is the same old story. Every time this government deals with the United States it gets the worst of the deal. Usually my hon. friends opposite give two for one; and it will be found, when this trade agreement can be properly evaluated over a period of time, that we shall have suffered in the same way as we have always done whenever the government led by the right hon. gentleman has dealt with the United States.

Let me give another interesting figure. In the last twelve months ending in November, 1938, we bought from the United States $40 worth per capita—it may be a little more or a little less, $39 or $41. How much did they buy from us? They bought $3.50 worth per head of population.

Mr. EULER: That is not a fair comparison.

Mr. MANION: Why not? What is wrong with it? I do not see anything unfair about it. I can see no reason why one Canadian should buy eleven times as much as an American buys from Canada. But that is precisely what happens when my hon. friends opposite deal with the United States.

An hon. MEMBER: One rabbit, one horse.

Mr. MANION: We get the rabbit and they get the horse. We buy eleven times more per capita from the United States people than they buy from us. I cannot see anything unfair in the comparison. I submit that it is perfectly fair.

Take the three per cent excise tax. As I have said, last year it brought in $18,000,000 or $19,000,000. Those who have read the treaty carefully will remember that this three per cent excise tax was taken off only the items in the schedule. That is correct; the Minister of Finance (Mr. Dunning) nods. As a result it created a most ridiculous situation. For example, a friend of mine who looked into the matter points out that the tax was taken off mushrooms and cut flowers but was left on all sorts of necessities of life. According to the press it was also pointed out emphatically to the Minister of Finance, by letter and telegram, that this would be most unfair to Canadian manufacturers, owing to the fact that because the removal of the three per cent tax applied only to items in the schedule, Canadian manufacturers were still faced with the tax on their raw materials, whereas finished products entering into competition with their goods in other countries enjoyed the removal of the tax. It was a most unfair position for the manufacturers to be placed in and they protested most strenuously to the Minister of Finance. Let me read a statement from one of the morning papers. The following appeared on November 23, a few days after the treaty was concluded:

> Communications have been pouring into the finance department from manufacturers protesting the tax on raw materials when the finished product is relieved of taxation.

A perfectly just protest, I think, and the Minister of Finance no doubt agreed, because he issued this statement:

> The government has had under consideration the situation that will arise with the removal of the 3 per cent special excise tax from the articles enumerated in section 1 of the new trade agreement with the United States. The government will make certain when the necessary legislation is introduced that it will be of such a character as to eliminate any unfairness that might otherwise be expected to result from the exemption from the tax of the particular articles enumerated in the agreement.

All right. Since the treaty is signed and has been in effect since the first of the month I agree that the Minister of Finance is quite right in making that correction. I do not quarrel with that at all; but I say that by making that correction this government is handing to the United States another concession of great import, and incidentally handing another concession to all the twenty-five or thirty other most favoured nations with which we deal. But did this government when dealing with the British and United States governments tell them that in addition to the concessions mentioned in the agreement they were going to add the concessions to these other countries? They did not tell the people of Canada until some days later, when the matter was drawn to their attention. Did they know they had to make these concessions? I do not think so.

Mr. DUNNING: I know my hon. friend does not want to proceed on a wrong premise. The treaty itself does not as of January 1 remove the three per cent special excise tax from anything. The treaty merely says that the government of Canada will propose to the Canadian parliament legisla-

tion which will have the effect of removing the special excise tax on those articles. So that to-day while the treaty is in effect with respect to its tariff provisions, it is not in effect at all and was never intended to be in effect with respect to the three per cent special excise tax until this parliament has acted with respect to that. I assure my hon. friend that all the negotiating parties were quite aware of that throughout the whole proceedings.

Mr. MANION: I understand that. That is nothing new. I did not say the three per cent tax removal was in effect. I said the treaty was in effect, and the cancellation of the three per cent special excise tax does not come into effect except by legislation of this parliament. But does my hon. friend suggest that, having promised in the treaty that they would submit the matter to this house, if they failed to carry that provision they would not look upon it as a complete defeat of their government? Certainly not; they will put it through. In other words, it is as good as done.

Mr. DUNNING: If my hon. friend will permit me, that was not the point. What my hon. friend has just said is quite correct. My point is that any addition to the items mentioned in the schedule of the treaty to which the removal of the excise tax will apply is not in itself a matter of treaty but a matter in the judgment of this government and of this house.

Mr. CAHAN: It is a matter of international agreement and international honour.

Mr. DUNNING: No; the international agreement applies simply and solely to the items mentioned in the schedule.

Mr. CAHAN: But there is a promise collateral thereto that the three per cent excise will be removed.

Mr. DUNNING: No—

Mr. MANION: Mr. Speaker, I think this is my speech. I do not mind interruptions, but I do not want speeches interjected in the midst of mine. I understand just as well as the Minister of Finance the facts as he puts them. I did not say anything to the contrary. I said the treaty is in effect from January 1. I take it for granted that the removal of the three per cent excise tax has to be a matter of legislation by this parliament. But I was pointing out that in addition to the products mentioned in this treaty from which the three per cent excise tax is to be removed there will be a number of other products, not mentioned in the treaty, from which the tax will be removed. And I ask this question, whether the British knew this and understood that a number of other concessions were to be given? Did the people of the United States know; did we know, that we were going to give a number of other concessions? My suspicion is that we did not, that there was a lot of bungling done. Now they find, after having made concessions of the utmost importance not only to the United States but to Japan, Germany and Italy, the three dictator nations, that they are going to have to make more and get nothing in return; that when they bring in this treaty and deal with it in this house they will have to submit a long list, probably much longer than that in the treaty itself, of materials and articles from which the three per cent excise tax will be totally eliminated. What return are we getting for that extra concession to the United States? And, what is worse, what return are we getting for that concession to the other favoured nations? We have most favoured nation clauses in our treaties with some twenty-five or thirty other nations. Three of the outstanding nations which receive this most favoured nation treatment, in other words which get the same concessions as the United States by virtue of this agreement, without giving anything in return for them, are Germany, Italy and Japan, the three dictatorships. What do they give in return for getting the same concessions as we are handing to the United States at the present time? What do we get from Germany, Italy and Japan more than we have already been getting from those countries? Those three countries which have been disturbing the peace of the world for the past two or three years get the same concessions that we are giving to the United States. And what do we get in return? We do not get anything so far as I know.

Mr. EULER: May I answer that in regard to one country we would receive this: If Germany did obtain any benefit—and I do not think she will obtain any benefit whatever—by reason of being a most favoured nation, we shall sell more goods to her, because she is bound under our agreement to provide exchange to an amount at least equal to the amount of the purchases we make from her.

Mr. MANION: But that gives her favours anyway. Germany wants foreign exchange; she is having great trouble getting it at the present time. And what do we get from Italy and Japan? My hon. friend has not answered that. We do not get anything. A little more exchange in regard to Germany, but that is exactly what Germany is fighting for all the time.

Mr. EULER: They have increased their purchases from us by over 100 per cent.

Mr. MANION: I did not look up the figures, but I know very well it is not a very good bargain when you hand out these concessions to twenty-five or thirty nations who give nothing in return to the people of this country, especially when you have a tariff system under which you can ask something in return. Evidently this government works on the principle that it is more blessed to give than to receive, forgetting the other principle that charity begins at home. I submit also that, as many others have said on other occasions, it might be well to attend to the straightening out of this most favoured nation business, because I do not believe any government should be handing out favours to countries which are not asked to give anything in return. I am not questioning that there are advantages in this agreement; it would be a queer kind of agreement if it did not produce any benefit. But when the losses and gains are weighed, my submission is that there is grave doubt of the advantages being more than the disadvantages so far as we are concerned.

I want to deal with another aspect which has been greatly stressed. One speaker who preceded me, I think the hon. member for Brandon (Mr. Matthews), spoke of it this afternoon, and it is mentioned in the speech from the throne; that is the supposedly patriotic ground on which we should receive the gift of this trade agreement. In the speech from the throne it is stated that this treaty will further the ends of international goodwill. Perhaps it will. I am not going to quarrel with that statement, but I do not think the fact that we make a trade treaty with some countries is going to further the ends of international goodwill. The implication is—and it has been advanced and fostered by members of the government—that on account of our having a trade treaty with the United States, therefore the United States is going to be very much more friendly to the British Empire than in the past, and if there should be international difficulties, the United States will be much more ready to jump in and fight for the British Empire than it has been in the past. That is the suggestion, that because of this treaty the United States is going to be very much more inclined to tie itself up to the empire for war purposes. I do not admit any such suggestion. Does the Prime Minister think that is true?

Mr. MACKENZIE KING: I will answer my hon. friend later on. I do not want to interrupt him.

Mr. MANION: Perhaps it is just as well. No doubt the right hon. gentleman thinks it is true, or pretends he thinks it is true, which I suppose comes to the same thing. But I should like to point out that the United States has trade treaties with nineteen or twenty different countries. I jotted them down this afternoon, and they include a trade treaty with Czechoslovakia. They had that treaty before the trouble which arose last year. Did anybody notice the United States jumping into armour to go and fight for Czechoslovakia? The only thing I heard from the United States was a great deal of abuse heaped upon Neville Chamberlain for bringing about peace because, as they said, he was selling out the democracies. They have trade treaties with Belgium, with Sweden, with The Netherlands and with France. Does anybody suggest that if Germany should choose to invade Sweden or Belgium or The Netherlands, the United States are going to fight any more readily because they happen to have a trade treaty? My impression is that all this is just so much twaddle. Incidentally, we have twenty-five or thirty trade treaties with other countries, including Germany, Italy and Japan. Does the fact that we have trade agreements with these dictator nations make us any the less likely to oppose their ideas or their principles of dictatorships? Does it make it at all likely that we are going to favour them if there is any international trouble? Why to me, I repeat, the whole idea of putting the matter on patriotic grounds is just so much twaddle. I do not think trade is based on patriotic grounds; trade is carried on under business principles. The trouble is that the people of the United States—and again I say this without disrespect, because I am very fond of them—are very close traders. They are hard-headed business men, and when they trade with this government or at least this group they always get the best of it. That is the principle they work on, and they carry it through.

It has been said that, because of the claim that on patriotic grounds this treaty is going to help the empire, the agreement may be the issue at the next election. Until the recent imbroglio in Ontario there was the suggestion that national unity might be the issue. Well, sir, this government is not going to choose the issue. That will be done by the people; that has been done by the people already, and the issue is going to be the record of this government, its activities and its masterly inactivity, to my mind much more inactive than masterly. What I suggest is that we should have less ballyhoo and propa-

ganda, fewer excuses, less boasting, more facts, and particularly more action. The trouble with this government is that it got elected and then went to sleep; or, if I might use Mitch's phrase, it pulls up the blind, takes a peep out, then goes back and hibernates for another three weeks. I like to quote Mitch because he is good when he is expressing his opinion of his friends.

Let me repeat that I quite agree that trade agreements are good, as long as they are on a fair basis; but so far as I am concerned I want to see them on such a basis. I want to see Canada get at least as fair a deal as the other side, and I doubt very much if we got it in this case. After all, one of the great objects of a tariff is to further trade with other nations; that is, to bring about trade agreements with other countries. You can saw off this tariff or the other and you get some concession in return. One of the great disadvantages in a country which attempts to operate on the basis of free trade is that it has nothing with which to bargain. We have a tariff with which we can bargain, and I think we should bargain a little harder.

Speaking of the tariff let me say that I believe in the tariff system, not only because the tariff is an instrument with which we can bargain but because I think it protects our industry against the unfair competition of countries such as Japan, where wages and standards of living are so low. It protects our labour from that sort of competition and helps our people to retain their jobs. It protects agriculture against unfair competition from certain sections of the United States, for example, where the climate is quite different from ours, and it builds up markets for the farmer in our own country. Indeed, we know that our agricultural products have been sold in our own markets to the extent of something like ninety per cent over the year.

I do not admit the truth of the idea, which is so prevalent, that because we have a tariff it necessarily follows that prices of goods are increased. In some instances that is undoubtedly so; we can all think of certain items on which prices have been raised by this means, but that is not always the case. I do not travel north and south as much as some of my hon. friends opposite; but occasionally I do go to the United States for a holiday, and time after time I have made it my business to compare prices of goods of like quality. Very often I have found prices much lower in Canada than in the United States, despite the fact that we may have had a tariff of thirty or thirty-five per cent in this country. I could mention various lines of goods. I referred to boots and shoes a short time ago. I could mention automobile tires, made by the same company, with a thirty per cent duty against them coming into Canada from the United States. I found that I could buy these tires in Fort William for less than I had to pay for them in Chicago. I could refer to good woollen clothing, which is undoubtedly cheaper in Canada than in the United States, and so on down the line. The idea, as put forth by some, that because you have a duty of thirty per cent on a certain article therefore you pay thirty per cent more for it in your own country, is, in my opinion, quite wrong, and it is not borne out by the facts; it is not true.

It is not for the purpose of raising prices that we have a tariff system; it is in order that we may hold our own Canadian markets. That is the reason for a tariff system. But I believe that if the system we have in this country permits people to be exploited, and if industry does exploit the people of Canada, then those tariffs should be removed, whoever may be the producer. To-day we must have a tariff; practically every country in the world has one. It is true that Great Britain was a free trade country from 1846 until some time after the war, but it is now highly protectionist. The other day out of curiosity I looked up the customs revenues of Great Britain and Canada and found that last year Great Britain collected in this manner some £210,000,000, or over a thousand million dollars, which works out at about $25 per head. In Canada we collected about $91,000,000, which works out at about $8.50 per head. In other words, to-day Great Britain is collecting just about three times as much per head in customs duties as we are. As I have said, to-day practically all the countries of the world are protectionist, and that is one reason why I believe in the tariff system. I mention that because it is a system under which we can trade on a fair basis with the United States, a system under which Canada can get a fair deal, if in dealing with the United States the Canadian ministers and their assistants hold out for a good, straight, business transaction.

I am now going to leave the trade treaty. I have made a good many general remarks about it, but undoubtedly we shall deal with it more fully when it is up for discussion here. Even then, if it is discussed, as the right hon. gentleman suggested the other day, as soon as this debate is over, I do not think we shall be able to judge as to its merits or demerits, though I anticipate that we shall

hear from some men, coming from various sections of the country, interested in certain industries, who may feel that they have been benefited or hurt.

But the real charge against this government is that apparently it absolutely fails to realize Canadian conditions. Despite all the statements made by the Prime Minister prior to the election of 1935, some of which I shall quote, and which tended to show that apparently he understood conditions in Canada, the government he now heads has given no indication that it really understands Canadian conditions. There has been a decided lack of action towards rectifying these conditions and no indication that there has been any planned method through which rectification could be brought about. The right hon. gentleman has been following a sort of hit-and-miss policy. That fact is evidenced in the speech from the throne when we find that to-day, after almost four years in office, he considers it necessary, upon receiving the report of the commission on dominion-provincial relations, to call a national conference to discover what is wrong with Canada. To my mind the greatest charge which can be made against the government is that it is continually broadcasting the information that all is well in Canada when, in fact, all is not well.

I am not by any means a pessimist. In fact, speaking generally, I believe I may be classed as a pretty good optimist, but I do say that throughout Canada to-day there is unrest, discontent and disharmony to an extent which perhaps has never before existed. I see unemployment to the extent of hundreds of thousands—not 125,000 as was published in a statement released a few days ago by the Minister of Labour (Mr. Rogers). It is true that he has said there are 125,000 people on relief. The unfortunate part of it is that the press pick up that figure and tell the country that there are only 125,000 unemployed in Canada. I have one such statement before me, and I could have brought many more. In making such a statement the Minister of Labour is not frank with the people, and I would point out that statements such as the one I have indicated should be corrected. It is not a fair deal. I do not impute motives, but I must say that such statements hoodwink many of the people. In one of the packages on my desk I have an item stating that there are only 125,000 unemployed. The information is published in that form when, as a matter of fact, the best information I can obtain from the statistics branch operated by the government is to the effect that last month there were 398,000 unemployed in Canada—not 125,000, but 398,000—plus any figure you may wish to add to include the youth who have never been employed. Partly because of a seasonal change there are 50,000 or 75,000 more unemployed to-day than there were last month.

The bureau of statistics estimate that there are 64,000 youth who have never been employed. For the youth congress in Toronto a gentleman named Woodsworth has made an estimate of something like 400,000. As I have stated, however, the figure given by the government bureau stands at 64,000, a most optimistic figure, and represents the number of young men who have never worked. So, if hon. members will add this 64,000 to 398,000, the official estimate, they will get a figure well over 450,000, a figure nearly four times the one given by the Minister of Labour.

I do not wish to misrepresent the position taken by the minister. He refers in the press release to "unemployed but fully employable persons on aid" in October—

Mr. ROGERS: On relief. They were the ones on relief.

Mr. MANION: I have explained that fully; I do not wish to misrepresent the minister's position. That is the number on relief. But the point I make is that that is not a fair type of statement to offer the people of Canada when actually there are 398,000. And you could add to that figure almost any additional number to include the young men in Canada who have never worked, a group which the youth congress estimated at 400,000.

It is almost impossible to get proper unemployment figures. That is a complaint which the right hon. gentleman has made against us, and at a later time I shall quote him. It was he who said that we should have something by way of registry. Where is the registry to-day? Yet he said four years ago that that was needed. Where is the present registry of unemployed? My secretary and I spent hours trying to get honest figures of unemployment because I do not wish to misrepresent anything. I suggest that if the Minister of Labour wishes to be completely frank with the people of Canada, he should in the future publish not only the number of unemployed on relief but also the number of unemployed in the country. We must remember there are tens of thousands, possibly hundreds of thousands, of people in the country who are out of employment but will not go on relief if they can get along without it. I say therefore that we should avoid misrepresentation. No doubt the misrepresentation by the Minister of Labour was made unconsciously, but I suggest it should be made known that there are 398,000 unemployed, plus the number of unemployed

youth who have never earned anything. May I add that to-day ninety per cent of the unemployed are willing to work.

There is another way of checking unemployment figures. I have before me figures of the unemployed in trade unions of Canada between 1935 and 1938. I am not sure as to the author, but the figures are official. They say that unemployment among members of trade unions in the month of November, 1938, was greater than in any previous November as far back as 1935, when this government took office.

There are other ways of estimating the numbers of unemployed, but I shall not labour the point, or go into further detail. I submit, however, that in future the figures should be corrected, and I shall look forward to such correction. Because of these hundreds of thousands of unemployed there is fear, discontent and demoralization throughout the country, particularly among our youth. Is that a healthy condition in which to exist? The present leader of the government knew those conditions in 1935, and I shall prove that statement from his own mouth. I have in my hand a little book entitled Mackenzie King To The Canadian People, 1935.

An hon. MEMBER: That will be good.

Mr. MANION: It will be good; the hon. member is right. It is one of the best books I have read. In fact, I would place it among the productions of the humorists of our country. Had I had a weak heart I believe I should have laughed myself to death as I read it; fortunately my heart is quite strong. The book is so full of good things I hate to begin it at a time so near recess. If my right hon. friend would permit me to discuss it in one piece after dinner, I should be pleased.

Mr. MACKENZIE KING: I would do anything to oblige the hon. member.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. MANION: Mr. Speaker, when the house adjourned at six o'clock I was referring to the pleasure I had gained from reading this latest published book of the right hon. leader of the government. He, like myself, has revealed the weakness that induces a man to write. Somebody has said oh that mine enemy should write a book. The right hon. gentleman has been weaker than I because he has written a number, but I am quite sure that when he had these statements put into book form he was not counting on its being read the way it will be to-night. This book was put out for the delectation of the people before the last election. I suppose that all of us get a little exuberant at times when elections are coming on.

I do not intend by any means to read all this book this evening. Do not be afraid that I am going to quote all the fifty-six pages, but I do intend to give occasional extracts from it in the hope that there will be brought back to the mind of my right hon. friend some of the pledges he made to the people of this country. Perhaps he will be given an opportunity between now and the time he goes out of power next year to put some of these pledges into effect. I am not going to quote this book in any particular order; I shall refer to just those parts that come up from page to page.

On page eight the right hon. gentleman refers to the years of depression during the Conservative regime. For example, he says:

> It will be found that, for the most part, third parties owe their origin to one or other of two causes. They are bred of hard times, or of quarrels.

That is interesting. Then he goes on:

> Third parties, in Canada, have invariably had their rise during years of Conservative administration. These have been years of depression, due, in large part, to reactionary policies.

He forgets that during his own regime there have been years of depression. Certainly the past year has not been quite as prosperous as the previous one. He goes on:

> As Conservative administrations have given place to Liberal administrations, the country, through the substitution of Liberal for Conservative policies, has been brought out of depression into prosperity. With returning prosperity, discontent has vanished, and with it the third parties, which discontent had helped to bring into being.

Discontent may have vanished, but at the present time there are a good many signs of discontent in the country. Not only is there discontent in the country, but there is discontent in the party opposite. On page ten he said:

> With the return of a Liberal administration to office, and the adoption of Liberal policies, carried out on broad and generous lines, and with more concern for human relations, than for the methods of big business, and of high finance, and of high pressure salesmanship, there is no reason why this period of depression should not be followed by a new era of prosperity; and why the unrest and discontent, which have brought these third parties into being, and to which they owe their existence, should not also disappear.

Just listen to that.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: I have not noticed any diminution in the number of parties. They still go on.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: The hon. member (Mr. Stevens) has seen the error of his ways and has come back to the party to which he always belonged. But other parties such as the Cooperative Commonwealth Federation, the Aberhart social credit party and various others still go on. It does not look as though the number of parties were decreasing. As I read these references to human relations, big business, high finance and high pressure salesmanship, I can hear the right hon. gentleman rolling these phrases over his tongue. I repeat that the unrest and discontent which was to disappear, has not disappeared.

Turning over a few pages I find on page 19 the beginning of his second address, made on August 2, 1935. He said:

Ladies and gentlemen: The Liberal party does not stand before the electorate in this campaign with an armful of promises, nor upon a platform of assurances—

An hon. MEMBER: Hear, hear.

Mr. MANION: Who said, "hear, hear?"

An hon. MEMBER: Everybody.

Mr. MANION: Everybody! Well, it is easily seen how forgetful are hon. members opposite. I am going to refer to a few of the promises the right hon. gentleman made. He said:

The Liberal party does not stand before the electorate in this campaign with an armful of promises, nor upon a platform of assurances, constructed expressly for the purpose of a general election.

Oh, no, the Liberal party is too high-minded for that.

It believes the public is heartily sick of that kind of thing.

I shall deal with this later. I do not intend at this time to read the long list of promises which the right hon. gentleman made and which appear a little later in his book, but I shall name them just as I pass along. He advocated control of currency and credit. He was going to bring about social justice. He was going to wipe out trusts, combines, and mergers. He was going to bring about harmony and cooperation. He did not. He was going to appoint an investment control board. Where is it? He was going to cure unemployment. Where is that? He was going to bring about prosperity. He was going to wipe out third parties.

Mr. MACKENZIE KING: Where does it say that he was going to cure unemployment?

Mr. MANION: I shall quote it when it suits me. I am making a speech at the present time. The right hon. gentleman would not answer me this afternoon, and I shall treat him in the same way. I shall quote these things as I go along. He was going to wipe out third parties. He was going to have a more equitable distribution of wealth.

Mr. MACKENZIE KING: Where does it say he was going to wipe out third parties?

Mr. MANION: I just read it. The right hon. gentleman is almost as much asleep in this house as he is about the affairs of this country.

Mr. MACKENZIE KING: Well, now, he is awake.

Mr. MANION: I shall have to quote it again. I did not want to repeat this, but apparently the right hon. gentleman likes his book. This is what he said at page eight:

Third parties, in Canada, have invariably had their rise during years of Conservative administration. These have been years of depression, due, in large part, to reactionary policies.

Then a little later on he says:

As Conservative administrations have given place to Liberal administrations, the country, through the substitution of Liberal for Conservative policies, has been brought out of depression into prosperity. With returning prosperity, discontent has vanished, and with it the third parties, which discontent had helped to bring into being.

What about all these parties?

Some hon. MEMBERS: Oh, oh.

Mr. MANION: The hon. gentleman's party was the fifth or sixth party. What about the third and fourth parties of which the right hon. gentleman speaks? I think, however, I have proved that I was right in quoting my right hon. friend. He promised that there would be a more equitable distribution of wealth. He even went so far, not in this book but in other places, as to say that proportional representation would apply. I have quoted fifteen different promises, and I could quote many more. One promise was that the Liberal party would continue the Liberal policy of British preference. Well, the Liberal policy of British preference has been practically wiped out by this particular trade treaty or agreement.

Some hon. MEMBERS: No.

Mr. MANION: Oh, yes. The British preference has been practically wiped out.

If it has not been wiped out entirely, it is so close to being wiped out that there is really no difference. That preference was obtained by the Conservative party in 1932, and yet the right hon. gentleman and his party, by means of this trade agreement with the United States, has practically wiped it out. This afternoon I quoted different United States statements on that.

Then the right hon. gentleman said that he was going to control credit. This is what he said:

> The Liberal party believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen. It stands for the immediate establishment of a properly constituted national central bank, to perform the functions of rediscount, and the control of currency issue, considered in terms of public need.

We established the central bank.

Mr. MACKENZIE KING: No.

Mr. MANION: We established the central bank.

Mr. MACKENZIE KING: Not a government owned bank.

Mr. MANION: I admit that the right hon. gentleman has changed the control over some of the stock. The government now has control over all the stock; but as far as the control of the central bank is concerned, I venture to assert that there is no more control to-day than there was before the stock was taken over by the government. The central bank is being run to-day, and rightly so, as it has always been run, from the office of Mr. Towers. Unfortunately the Minister of Finance (Mr. Dunning) has been ill for the last six months, and I venture to say that during that time nobody opened his mouth to the central bank about the control of currency and credit.

Mr. DUNNING: I assure my hon. friend he is quite wrong.

Mr. MANION: My hon. friend was sick, and I do not understand how he knows so much about the situation.

Mr. DUNNING: I was not as sick as that.

Mr. MANION: I quote again, not because I wish to criticize but because I think it should be repeated. The right hon. gentleman said:

> Let me repeat what I said in parliament, in protesting against the surrender, to a private institution, of the state's control over the nation's currency and credit: "Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government, and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile."

That is a popular quotation from the right hon. gentleman's statement, and it is well put, just as he always puts things very well; but so far as any practical application of it is concerned, I do not think there has been one one-hundredth per cent of it put into effect.

Then he says, dealing with the control of investments, and what he says in this book is absolutely refuted by the inaction of the government:

> The Liberal party believes the financial mismanagement of industry is largely responsible for many conditions obtaining to-day.
>
> To prevent exploitation of the public through the sale of watered stocks and worthless securities, it believes an investment control board should be established, with supervision of issues of securities by companies incorporated under federal charters.

Where is that investment control board? Is that not a promise? Why do not hon. gentlemen opposite say "hear, hear," now? That is a distinct promise, and there is no sign of its ever being put into effect.

On the next page he says:

> Democratization of industry. The Liberal party believes that industrial reconstruction is the problem of the future. It will seek in industrial relations, as opportunity offers, to give to workers and consumers a larger share in the government of industry.
>
> On the subject of industrial reconstruction, I shall have much to say throughout the campaign.

If there has been any more control of industry since this government came into power than before, I should like to know where it has been.

Then the right hon. gentleman delivers this old statement:

> Liberalism stands, as always, for the principle of a free parliament, and for the supremacy of parliament.

When was parliament not supreme in this country? It has been supreme ever since 1867. What did my right hon. friend mean? When was parliament not free?

Mr. MACKENZIE KING: I shall reserve my remarks until later.

Mr. MANION: It is perhaps just as well. The parliament of Canada has always been in control. There has not been a minute since 1867 when it has not been in control. No matter how much the right hon. gentleman talks about dictators or a one-man government, parliament has always been in control in this dominion and is in control to-day; at least it could be if it were to put out of office a government that has

shown itself so futile in relieving the troubles of this country. This is another delectable bit from the right hon. gentleman.

Mr. MACKENZIE KING: Finish reading the last one.

Mr. MANION: I am not going to read the whole book, because if I did I should laugh myself to death, as I said this afternoon.

This is another quotation from the next page:

The Liberal party believes the aim of every government should be the balancing of its budget.

This government has not got very close to balancing its budget. He goes on:

It would seek to effect that end, by retrenchment of public expenditures—

Never have public expenditures been so heavy as since this government came into power, and I do not notice any denials coming from the other side of the house.

The right hon. gentleman went on:

—by reduction of principal and interest on the public debt—

There has been a certain reduction of interest, but we were taking action in that regard before we went out of power. Every government has done that, by the process of refunding. He went on:

—by a reduction in taxation—

When has there been any reduction in taxation? There has been an increase in the sales tax since this government came into power, but I do not know of any tax that has been taken off. The right hon. gentleman goes on:

—and by increased revenues through the encouragement of trade.

There has been an increase in the revenues; but increased revenues certainly mean increased taxation, and these increased revenues must come out of the pockets of the people. Then he said:

The government will seek to effect a reduction of the cost of government in Canada by a careful inquiry into federal, provincial and municipal costs.

When was that inquiry made? It has not been made. The right hon. gentleman goes on:

The record of Liberal administrations in the reduction of expenditures, taxation, debt and interest, and in transforming deficits into surpluses, is the best guarantee that Liberal policies, if given their opportunity, will be able again to achieve these results.

There has been no reduction in taxation. On the other hand there has been an increase in the sales tax; the cheque tax is still on; the three cents postage is still on; the sugar tax is still on. In the next budget something may be done by way of reductions in view of the possibility of an election, but that is the only hope the people have of getting a reduction in taxation.

But this is something more than the right hon. gentleman said; this is a sweet bit:

More equitable distribution of wealth. The Liberal party recognizes that the problem of distribution has become more important than that of production and believes that personality is more sacred than property.

That is a discovery! He goes on:

It will devote itself to finding ways and means of effecting a fair and just distribution of wealth with increasing regard to human needs, to the furtherance of social justice, and to the promotion of the common good.

Human needs! Social justice! The common good! How those terms would roll over the right hon. gentleman's tongue when he was speaking over the radio! I myself was trying to gain a few votes for others at that time, but I did not succeed very well. He did. Social justice! The right hon. gentleman, when out of power, has been the greatest reformer the country has ever produced; but when in office he has been the greatest reactionary we have ever had. Out of office he is a theoretical reformer; in office he is a practical reactionary.

A little further down on the same page he says:

To-night, I hope I have answered, once and for all, the unwarranted and unworthy charge, so often made by our political opponents, that the Liberal party has no policy.

Well, Mr. Speaker, the Liberal party has had so much policy that nobody knows what it has had. It has had plenty of policy, all right, but it has lacked the principle of putting the policy into effect. Like the old woman in the shoe, it had so many policies it did not know what to do. That analogy is not quite correct; for the old woman in the shoe was dealing with children, and the Prime Minister, being a bachelor, would not, of course, adopt children. But if he did adopt children and treated them as he has treated his own policies, he would be arrested for cruelty. Or if he treated that dog of his as he has treated his own policies, he would be arrested for cruelty to animals.

I think it was Mr. Bourassa who said in this house that the only principle the Liberal party had was to have no principles, and it was Mr. Fielding who said—I think I have heard him say it in this house—that a platform was to get in on, but not to stand on. The principles which the right hon. gentleman is expounding in this little booklet remind me

of that southern politician who said, "Them's my principles, but if you do not like them, I can change them."

Let me now deal with the question of unemployment. Speaking on August 5, 1935, the right hon. gentleman said:

> Ladies and gentlemen . . . unemployment is Canada's most urgent national problem. You do not need to be told that.

He repeats that in this book over and over again, and with that statement I wholly agree; it is just as true to-day as when he said it on August 5, 1935.

Mr. SPENCE: More true to-day.

Mr. MANION: Yes, perhaps more true. On the next page the right hon. gentleman, speaking of our government, says:

> One thing the government might have done, but which has never been properly done, is to have supplied parliament and the country with accurate information, year by year, as to the numbers of unemployed and the numbers on relief. There is nothing, even to-day, in the nature of national registry.

That is as true to-day as when he said it.

Some hon. MEMBERS: No, no.

Mr. MANION: There has been no national registry. I spent days trying to get legitimate and accurate figures. I pointed out this afternoon that the figure which the Minister of Labour has been giving was 125,000 of unemployed on aid, whereas the actual number of unemployed is 450,000. If there is such a thing as a registry, I should like to know where it is, because I do not want to waste as much time as I have had to do in the last few days in order to get figures that are dependable.

The right hon. gentleman went on to say:

> The statistical departments of the government have never been given the necessary instructions or authority to collect detailed information.

They have exactly the same instructions to-day. There has been no change whatever in the instructions to the statistical departments, and no change in their methods of keeping these figures.

On the next page the right hon. gentleman says:

> In order to conceal the growing magnitude of the problem, and, at the same time, its own growing incapacity to deal with it, the government either did not seek to obtain information which, at all times, should have been available to the people's representatives in parliament, or it deliberately withheld such information as it had from them.

We are in exactly the same position now. The government may be able to get better information than I can, but I am a member of this house and I cannot get the information. I was able to get it only after running around to the labour department, the statistical branch, the national welfare council and various other bodies, and then finally I got something in the way of an estimate that was in no way different from the estimates we had when we were in power. To use his own words, is it to conceal the growing magnitude of the problem and at the same time its own incapacity to deal with it that this government does not give us in this house the proper figures with regard to unemployment? I do not know, but I think what the right hon. gentleman says here is as applicable to his party as it was to us. Again, he says:

> Taking the latest figures on employment supplied by the bureau of statistics, it can be shown that, on the most conservative basis, there are to-day over 400,000 wage-earners out of work.

I gave the figures this afternoon and, from the information that I could obtain from the labour department or from anyone else who had any knowledge of the subject, it appears that the number to-day is 398,000. That was the number of persons out of work in November, and in addition there were 64,000 young men who had attained the employable age but could find no work. That is the estimate of the bureau of statistics. I am speaking from memory, because I do not wish to take up the time of the house now to look it up. Well, we can add to that number, for the month of December, another fifty or sixty thousand, if we are to judge by our experience every December as compared with November. So that in December the number would be well above 500,000. There is no doubt about that; those are the figures given by the bureau of statistics after they had worked on the question at considerable length in order to furnish the information I desired. This 64,000 estimated by the bureau as the number of young men out of work in November, it must be remembered, is the lowest estimate, because the youth council made an estimate of 400,000 as the number of unemployed wage-earners. With the December increase the number will be over 500,000.

Further on the right hon. gentleman says:

> It is not with statistics, but with human lives, that we are concerned. You cannot measure fear, privation and want, by any yardstick, or adding machine.

I agree with that, but that is as true to-day as it was then.

> Is it any wonder that to-day there is widespread unrest and discontent throughout the land, and that, in the case of young and old alike, many are in a condition of despair.

The position is exactly the same to-day. On page 46 he states what he will do for the unemployed:

Unemployment of First Concern.

The Liberal party believes unemployment is Canada's most urgent national problem. It would deal with the present emergency conditions through a representative national commission, which would cooperate with the provinces and municipalities in the administration of unemployment relief and in an endeavour to provide work for the unemployed.

As permanent measures, the Liberal party is pledged to introduce policies which will serve to provide employment by reviving industry and trade; and to introduce a national system of unemployment insurance.

Nothing has been done with respect to any of these undertakings except as regards the representative national committee. That was appointed; but instead of becoming an administrative commission, instead of helping the provinces and the municipalities, as the right hon. gentleman promised, to carry out measures for the relief of unemployment, that body was dissolved a year ago. Its recommendations have not been accepted. It submitted at least a dozen recommendations, two or three of which have been carried out in part; but most of them have been absolutely ignored.

On the next page I find the following:

Release from rather than increase in the burden of the cost of government—

I have dealt with that.

—reductions, rather than increases, in taxation—

I have dealt with that.

—cooperation and goodwill between the federal and provincial administrations—

We know how much cooperation and goodwill there has been.

—and between all parts and classes of the country, must also be achieved, if commerce and industry are to revive.

None of these things has been achieved. And remember, these are all promises. Then he compared the representative national commission with the Canadian patriotic fund or with the Department of Soldiers' Civil Reestablishment. That reference will be found on page 48, where he tells about the commission acting as an administrative body. With regard to Liberal cooperation he makes this statement at page 49:

Liberals would get provincial cooperation.

There will necessarily be two main divisions in the commission's work. The one will have to do with the administration of unemployment relief. The other will have to do with the endeavour to provide work for the unemployed. . . . A guarantee of provincial cooperation is to be found in the fact that, save in one province, out of nine, Liberal governments are already in office.

[Mr. Manion.]

Then listen to this pathetic appeal:

Would it be possible to conceive a finer example of the kind of national government necessary to cope with social and industrial problems, which depend for their solution so completely on the co-operation of federal and provincial governments, than would be afforded by a Liberal government at Ottawa, and Liberal governments in all the provinces of Canada?

Then he turns to the group to the left:

Perhaps Mr. Woodsworth and members of the C.C.F. will be equally moved to see how constitutional difficulties, which stand in the way of industrial and social reform, may be removed, and any necessary amendments to the B.N.A. Act secured, through governmental co-operation of this character.

We have not observed the fulfilment of any of these.

They profess the aim of their party is the establishment of a cooperative commonwealth. Where could they find anything more closely resembling such an ideal, than in having all governments of the one mind?

Whose mind, the right hon. gentleman's or Mitch's? I might go back to a previous page, which is rather interesting. On page 27, speaking of the Liberal party, he says:

We are not only a united party, with traditions and a past in which we all share a pride, but we are a happy party as well.

Mr. LAPOINTE (Quebec East): Hear, hear.

Mr. MANION: The Minister of Justice says, "hear, hear." He knows better than anyone else how happy they are.

Mr. Bennett must know by now that no broad scheme of social reform can be carried through successfully in Canada without close cooperation between the dominion and the provinces.

Heaven help us if social reform must wait upon cooperation between this government and the provinces. It is certainly time for a change. I refer next to page 55:

Unemployment is the hardest cross which a working-man, I might almost say any man, is called upon to bear.

That sentiment is repeated throughout the book and I agree with it.

Even in a period of great emergency, such as the present, it is too much to hope to secure the united effort of all, but the effort of a political party, united in its aims and policies from one end of the country to the other, can go a long way towards effecting even that result. Of this, at least, I am sure: the task which confronts Canada to-day is one to which Liberalism can give its whole heart.

Then he goes into the bible:

"To loose the bands of wickedness, to undo the heavy burdens, and to let the oppressed go free, and that ye break every yoke," is, if

anything, more the aim of Liberalism in this twentieth century than it was even in ancient days.

One hon. member, more familiar with the bible than I am, reminds me that this is from Isaiah. When we were in power the right hon. gentleman was addicted more to the Lamentations of Jeremiah than he was to Isaiah. There is a delicious touch on page 46. I shall read it and then I shall dispense with the book:

> The ancient Greeks had a clear understanding of human nature and behaviour, and of inevitable sequences, when they accorded Nemesis the place they did in most of their tragedies.

Nemesis, Mr. Speaker, if you will recall your classical studies, was the goddess of retribution. The right hon. gentleman has dodged rather a few goddesses in his time and I have no doubt he is still dodging. In that sense he is the Artful Dodger, something which I really regret because I do believe the country would be better off if some of these goddesses could catch up with him. However, I fancy that this one will. I am afraid that in time this goddess Nemesis will catch up with him and deal with him.

I have read some selections from this book, and I assure you, Mr. Speaker, that you can get more amusement and enjoyment, more of sheer cheerfulness out of it than out of any book of jokes published in Canada. I have a notion to suggest to the right hon. gentleman that he ought to get the National Liberal Federation, which I am told has plenty of money, to publish another edition or other editions of this little book and call it The Prime Minister's Joke Book. There was a time, when I was very young, when about the only literature we got in that western country was the old almanac, which was a combination of astrology, recipes, jokes, advice and so on, and it very much resembled this book. I remember on the front page there was a picture of a man dressed in something resembling a lady's bathing suit of to-day; in other words, he had very little on. Thus, he was able to show that he had what people in the smooth language of to-day call "intestinal fortitude." I do not think you could show that on the front of this book, because I do not think this government has any of that "intestinal fortitude." I promise that if the right hon. gentleman will have the book issued, we will distribute it; we will distribute it with our comments. And I should like the right hon. gentleman to autograph it, because I think that would be of some use to us. Even if the book were not of very great use, it would at least add to the gaiety of nations.

Mr. MACKENZIE KING: Before my hon. friend puts down the little book, he promised to read the passage where he said, I had said I would cure unemployment. He has not done that.

Mr. MANION: Oh, by implication. I do not think I can look through the book just now, but I have no doubt I could find he made that promise more than once. By implication; the very attacks the right hon. gentleman made on us for not curing unemployment imply it. Surely the right hon. gentleman was serious in what he said. What did he mean by attacking us for not curing unemployment?

An hon. MEMBER: You said you would.

Mr. MANION: I thought I had that part marked. I cannot read the whole book; the whole thing is so many promises; I picked out just a few of the select ones.

Mr. MACKENZIE KING: My hon. friend promised he would read the statement.

Mr. MANION: Well, that is nothing to the promises the right hon. gentleman made in the last election. I may have to renege on that promise to-night because I cannot go searching through the book, but the right hon. gentleman promised, oh so many things. He was going to reduce taxation; he was going to lessen expenditure; he was going to retain the British preference, to bring about harmony and cooperation, to bring about social justice, to appoint an investment control board, to remove unemployment, to bring about prosperity, to wipe out third parties, or to bring about conditions which would cause third parties to disappear. He was going to bring about more equitable distribution of wealth, to control currency and credit, to set up proportional representation. And hon. members will remember the promises of the right hon. gentleman in earlier speeches to bring about senate reform. The older members of this house will remember how he rolled that promise from coast to coast, telling everyone he was going to reform the senate, to lower the cost of living and to wipe out trusts and combines.

Let me read what the right hon gentleman said on the night of the election. In the Toronto *Daily Star* of October 15 there are two or three pages of it, but I shall not read it all. He was going to banish poverty.

Mr. MACKENZIE KING: Please read that. I made no such statement, that I was going to banish poverty.

Mr. MANION: Well, this is what the Toronto *Daily Star* of Tuesday, October 15, 1935, said. The heading is:

A New charter of Liberalism in statement by Mackenzie King.

"Faith in the ancient and beneficent precepts that it is only by sharing each other's burden, and doing unto others as we would have others do unto us, that men and nations can serve their own interests and the common good."

Ottawa, October 15—From Laurier House, where last night he received returns of the overwhelming Liberal victory, the Right Hon. William Lyon Mackenzie King issued the following statement to the people of the dominion.

I am not going to read the whole statement, but I shall read one paragraph. It is headed, "Banish poverty and adversity."

Mr. MACKENZIE KING: The hon. gentleman states that I said I would banish poverty. I said nothing of the kind.

Mr. MANION: Well, the heading is there, the right hon. gentleman will have to quarrel with the Toronto *Daily Star*. I shall read it, and perhaps the right hon. gentleman will be sorry he interrupted. These are his words; the heading may not be his; it is divided into paragraphs, and whether the headings are by the *Daily Star* or the right hon. gentleman I do not know. He is reported as saying on the night of the election:

In the new era which dawns to-day the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before. Poverty and adversity, want and misery are the enemies which Liberalism will seek to banish from our land.

Mr. MACKENZIE KING: Yes, "seek to banish".

Mr. MANION: The right hon. gentleman now falls back on the words "will seek"; in other words, they sought but did not find. They were only going to seek; it was just put out for the benefit of the people.

Then he goes on:

They have lain in wait at the gate of every Canadian home during the past five years, and their manacing mien has served to destroy the souls, as well as the minds and bodies, of an ever increasing number of men, women and children in our land. We take up at once, as our supreme task, the endeavour to end poverty in the midst of plenty; starvation and unnecessary suffering in a land of abundance; discontent and distress in a country more blessed by Providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that "health and peace and sweet content" which is the rightful heritage of all.

With those words I have no quarrel at all, but I should like to know what the right hon, gentleman has done to implement those promises. What has he done? With every word of it I agree, but he says now that he was only going to seek to wipe out poverty and adversity. Well, the people of this country are still seeking to find anything done by him to do away with poverty and adversity. Was this just some more ballyhoo, just some more of the propaganda that has been so prevalent since this government came into power? Was he just attempting to fool the people? He says now he was going to seek; did he not expect to find? What have they done for the youth of this country who are without work, who are estimated by the youth council of Toronto to number 400,000? What have they done for the security of the people? What have they done to bring about social justice? What have they done for the fishermen or miners of Novia Scotia? What have they done to cure unemployment generally? What have they done for Canada generally?

Let me read another little extract which is not a political article at all. The Canadian Welfare Council issued a statement on January 5 last, just the other day. They show this, as far as Canada is concerned—and they are not a political organization; they are not criticising the government but merely setting out the facts:

Relief costs $900,000,000 since 1930.

Of all the factors in the situation at the present time the most disturbing is probably realization of the fact that by the end of March 1939 Canada will have disbursed in nine years approximately 900 million dollars on direct aid, works and projects for the relief of unemployment and agricultural distress, and at the end of that time has more dependents on public funds voted for this purpose than when she started.

A little further down:

The discouraging fact is that after all these years, in part because of the clashing jurisdictions of the dominion and its provinces, Canada still lacks long term legislation, comprehensive planning, and any integrated and adequate program for a fundamental attack upon the serious national ills which have occasioned these heavy expenditures.

Then further down:

Energetic attack the need.

All in all, a weary country and a disillusioned people have been in a mood of drift, but there appears to be a growing realization that the situation cannot continue, that the attack must be basic, and much more than merely a matter of this or that relief policy, or the relative allocation of functions and costs among different units of government.

And finally:

. . . for it is possible that the threat to Canadian well-being now lies not so largely in the actual sag in employment which we are facing as in the "let-down" of spirit and morale of the country as a whole.

That is the contention of the Canadian Welfare Council, which is not in any way a political organization. I read it because they describe the condition better than I can. May I ask my right hon. friend whether these statements of his before the election, and particularly his statement after the election, were merely flights of eloquence and a weaving of words and dreaming of dreams, or did he believe his own words? I find myself wondering whether the right hon. gentleman did believe them. If he did, why has there not been some action in regard to these matters? Perhaps it is all theory; perhaps the right hon. gentleman did not have—I do not think he did—in his early days sufficient contact with the difficulties of people who are poor, to realize how serious a picture he painted, and painted so well that one might think he understood, he really saw the picture that he painted.

I should like to ask the Minister of Labour: Is it just a coincidence that Canada, of all nations of the empire, is the least advanced in social legislation, and that this government, led by the right hon. gentleman, has been in power since 1921, with the exception of five years? Is it just a coincidence, Mr. Speaker, that Canada has practically no social legislation as compared with Great Britain, Australia or New Zealand? Is it a coincidence that the right hon. gentleman has been in power and that Canada has been so reactionary, despite the fine words and the weaving of beautiful thoughts by the right hon. gentleman, than whom no one can weave them better? I do not think it is a coincidence; I think it is largely cause and effect. During the last election the papers were full of "King or chaos" and the common joke throughout the country to-day is that we got both. Another slogan was "Vote Liberal and get action." Did we get action? We have got inaction, reaction, laissez-faire and do nothing. That is what the people are calling this government to-day, the do-nothing government, and the devil take the hindmost. That is the picture.

So far as I can see, neither the right hon. gentleman nor any of his ministers seem to know conditions in Canada. On occasion I have been struck with this thought, that the right hon. gentleman is too much interested in external affairs to be really interested in or understand internal affairs and the needs of the people. Does he know their needs? Does the right hon. gentleman realize that this country is made up of nine provinces? I find myself wondering if he really does. Since he became Prime Minister, has he visited the nine provinces, in order to get the viewpoints of these people? There is no answer. If I am not mistaken, the right hon. gentleman since the last election has not been within a thousand miles of his own constituency. I am open to correction; if I am wrong I shall withdraw that statement, but I think I should have said fifteen hundred miles. I repeat, Mr. Speaker, that the trouble is that this has been a government of reaction, of inaction, a Micawber-like government. That is the trouble. You will remember the fine old character of Micawber in David Copperfield. I am very fond of him, because he had such a comforting philosophy. The old fellow was always in debt, you will remember, and when things got particularly bad and his creditors chased him, he would give them a promissory note and thank God that debt was paid. Many years ago I referred to the same picture and said then, as I repeat now, that the right hon. gentleman always reminds me a great deal of Micawber, because when he is driven too hard by the people in regard to the conditions that exist throughout the country he gives them another promise, another oration or a royal commission. No wonder the people call this a do-nothing government.

The real problem in Canada to-day, to my mind, is unemployment, just as much as it was the problem in 1935, and I admit quite frankly that that was the case then. It is the problem of giving opportunity to our youth. It is the problem of giving security to our older people. If we are going to justify this democracy of which we boast so much; if we are going to justify this system, we must compete with the dictatorships. In such countries as Russia, Germany and Italy they claim that they are keeping their people occupied. They are keeping them occupied, in a way; I think at too high a cost. They have taken away freedom of the press, freedom of speech, freedom of assembly and freedom of religion, all of which we have in this country, thank heaven, under the British parliamentary system for which our ancestors fought for more than a thousand years. If we are to justify this democracy, and this economic system under which we live, variously called the capitalist system, the profit system, the reward system, the system of private property, of private enterprise; if we are to prevent our country from becoming a dictatorship of one kind or another, we must cure the defects of our system, and the great defect to-day is unemployment. I repeat to-night what I have previously said before various organizations in Canada, and what I said just a year ago before the Canadian Club of Ottawa, in the presence of my right hon. friend and some of his ministers: If we do not cure that defect, within

twenty years the democratic British parliamentary institutions in which we believe will be in very great danger of being completely wiped out, and our whole democratic system is likely to disappear. To my mind those who do not see this are blind. They are people without vision, and when the leaders of a country have no vision the people are in danger of perishing. More and more the well-to-do middle class are realizing the truth of that very statement, and after long, deep consideration I say solemnly that not since 1867 has Canada had a government that has so completely failed to realize the needs of the country or a government with more limited vision as to the methods by which we might cure the defects of democracy, such as unemployment, absence of security and lack of opportunity for youth—the cure for which must be brought about if we are to preserve not only confederation but our whole social system.

As everyone knows, youth is demoralized in our country. Never has there been a time when our youth have been so completely demoralized, being fed by relief and, in many instances, driven to crime. We were criticized for putting the single unemployed men into camps. Where are they now? A great many are being put into gaol because they cannot earn a living. A great many have drifted into lives of crime. I say this is a national calamity, and again I am going to quote a published statement of the Canadian Welfare Council under date of January 5, 1938. I am going to quote this at some length because it expresses the danger better than I can. They say:

A Grave Danger

But now, as for the first sustained period in many years, there seems a breathing space, there emerges in too many quarters to be disregarded, a danger as grave as the crisis which has shaken us. It takes its rise, in part, in the increasing docility and indifference reported among the recipients of public help in the face of continuing or threatened idleness. A "spiritlessness" and a loss of essential dignity perhaps could not but be by-products of our emergency mass treatment of individual human lives. But more and more, there are signs that the old, loyal and proud submission of the subject to constituted authority is giving way, in fear and insecurity, to a cringing subservience, and unwillingness to venture or to risk. The sense of uncertainty and dependency is sapping at the very foundations of individual initiative, of self-reliance, of an appreciation of the values of spiritual and intellectual freedom. Freedom, to-day, of itself is too generally regarded as a quantity to be despised and scorned as "fredom to suffer and to starve."

There are not wanting signs, in certain quarters, that authority is tightening rein and threatens to ride hard. Ruthlessness alone will not revive broken men. If through our mass treatment of individual disaster, we have destroyed personal enterprise and independence, and if, realizing this, we fail immediately to take measures to retrieve and preserve these qualities, then there slips away the very bulwark of our democratic life. We are indeed a lesser people if the depression has taken from us our appreciation of our ancient liberties,—of thought, of belief, of speech, and of action,—as verities of greater value than life itself.

What did the right hon. gentleman do when he appointed the Purvis commission? That commission was appointed in 1936; that was one promise at least he partially carried out. This was to have been a continuing, administrative body, but instead of that the Purvis commission was dissolved about a year ago. Perhaps I have no right to mention this, but the fact that it was intended to be a permanent body is obvious to anyone who takes a look at its personnel. Mr. Tom Moore, for example, was a well known labour leader who gave up a permanent position to become a member of that board. Did Tom Moore understand that at the end of the year he was going to be dropped? He thought it was going to be a permanent commission. Apparently that was the intention.

Mr. ROGERS: May I correct my hon. friend? Mr. Moore was a member of the social insurance commission appointed by the previous administration, and while a member of that commission was transferred to the national employment commission.

Mr. MANION: I am not quarrelling with that. I simply say that probably he would not have taken the transfer if he had thought that at the end of a year the Purvis commission would be dissolved. I believe he had a permanent position, but he transferred to this one because he was interested in social security, and thought he was going into a permanent position. I wish to make it absolutely clear that not in any shape or form am I quoting Mr. Moore. I am drawing that conclusion from my knowledge of Tom Moore.

However, the commission was dissolved, and their recommendations have not been carried out. I shall read twelve of them briefly, as I find them in their report. Only two of these or, at the outside three of them, have been touched. They are as follows:

1. A great national cooperative effort to end unemployment.

That was one of them.

2. Employment services to be national.

None of these has been carried out.

3. Commission to be administrative, not just advisory.

4. A proper registry of unemployed and their classification.

I know of no such registry.

5. Local communities to help in the work through local committees.
6. Wiping out dole, which was to be replaced by rehabilitation measures.
7. Slum clearance.

Nothing done about that.

8. The national body to be succeeded by a small administrative committee to be helped by an interdepartmental committee to prevent overlapping.
9. Financial provision for and administration of unemployment aid should be the responsibility of the dominion government.
10. Apprenticeship and learnership.
11. Youth training.
12. Housing plans.

I do not know whether apprenticeships and learnerships would be included in youth training. I do not know anything about that. Perhaps the Minister of Labour could tell me?

Mr. ROGERS: It would be included to some extent.

Mr. MANION: It is partly carried out, then. Youth training is partly carried out, and housing has been partly carried out. Those are the only three that have, to some extent, been dealt with, out of the twelve recommendations. There may have been more, but those are the recommendations I saw as I read the report.

For the moment I shall leave unemployment. I am sorry to be taking so much time; I have never committed that crime before, and I hope I shall not do so again.

Another important question is that of national understanding and harmony. Everyone sees the need for harmony. I do not think it is the prerogative of any individual to know the need of what is called by some, national unity, and by others, national harmony. But I say that to-day there is less national harmony and less harmony among our governments than there has ever been, without any exception, in the history of Canada.

I am sorry to see these family quarrels going on, but at the same time I do not intend to get into them, because after all the family quarrel which did start was finished by what one of the newspapers called a comical caucus, where the whole result was that the members from Ontario passed a resolution of confidence in the right hon. gentleman. Did they need to call the members of Ontario by telegram to attend a caucus to find out if they were loyal to the right hon. gentleman? I should have thought one might have taken that for granted.

However, that is not what I intended to say. One side of the quarrel which struck me as rather strange was the statement put out by the Minister of Agriculture (Mr. Gardiner). He made a statement, which I have before me, in which he suggested that he had seen Mr. Hepburn in an attempt to bring about peace in the troubled family. And he said, apparently in an effort to keep Mr. Hepburn quiet, that he suggested that judges, senators and cabinet ministers might be recommended. The implication was that Mr. Hepburn could name them. I believe he used the word "recommendation," or something of that sort. If Mr. Hepburn only recommended them, and the recommendations were not going to be acted upon, it would not be much of a reward for Mr. Hepburn. However, I do not care how many senators or cabinet ministers he recommends. But I do think that recommendations for judges by anybody but the Minister of Justice, particularly by anyone like Mr. Hepburn or myself, who is not a lawyer, is a serious matter.

Our judiciary has always been kept on a high plane. It has always been chosen largely —there have been exceptions—through merit. That is one of the great advantages we have over the United States. Many of us believe that a great deal of the criminal activity in the United States is due to the election of their judiciary, due also to the laxity in their courts and to the fact that the judges are elected rather than selected through choice because of merit and good conduct. Our courts have been the bulwarks of justice and fair play. Our whole national life in a large sense depends upon fairness and justice in our courts. The appointment of judges has been the highest prerogative of the crown. The Prime Minister appoints them on the recommendation of the Minister of Justice, and the appointees hold office during good behaviour.

Yet the Minister of Agriculture in a published statement suggests that he has advised Mr. Hepburn that—he does not put it in these words—if Mr. Hepburn will recommend some judges for this country, they will probably be appointed.

Mr. GARDINER: Did you never recommend any?

Mr. MANION: Did I?

Mr. GARDINER: Did you never recommend any?

Mr. MANION: I do not think I ever did. Anyway, I am not a provincial premier. If I did recommend any, I was a member of the dominion cabinet.

Mr. GARDINER: You are rather an exception, then.

Mr. MANION: Possibly so. But I submit that the recommendation of judges by a premier, and particularly by one who, like myself, is not a lawyer—and I say that without intent to reflect on anyone—is an extraordinary offer to make. The minister, in a certain statement—not in the same one, I believe—says that he discussed the matter with the Prime Minister, and then he went back to Mr. Hepburn. He does not say that the Prime Minister raised any objection to this course of action.

I do not wish to go into the matter further, but I submit again that such a suggestion by the Minister of Agriculture was one of the most extraordinary suggestions ever made in this country, namely that the premier of one province should have the right to nominate judges. As a matter of fact, if Mr. Hepburn were to have the right to nominate judges, what about the premiers of the other eight provinces? Were they to have a like right?

Mr. GARDINER: That is not in the statement at all. This is about as near the truth as what the hon. member has been saying all evening.

Mr. MANION: Well, the hon. gentleman had better be more careful of his own statements. He probably knows better than any other hon. member how far away from the truth people can get. Let me quote his words:

I went down to Toronto to attend the Royal Winter Fair on November 16 and 17, and not as an emissary from dominion government authorities to offer "concessions" to Mr. Hepburn.

And then, farther on:

In the meantime, at noon on the 16th, Right Hon. W. L. Mackenzie King, finding I was in Toronto but having no previous knowledge I was going and wishing to leave for Washington to sign the trade agreement, telephoned to get my comment on a certain feature of the agreement. After completing this he stated he would be pleased if I would consult some of our friends regarding the results in the South Waterloo by-election.

I do not blame him. And then the hon. member goes on:

I stated I was likely to see Mr. Hepburn, and inquired as to whether there would be any objection to discussing it with him. Mr. King replied, "Certainly not, by all means do so."

And then, farther down in the same article:

Mr. Hepburn states, "I was told I could have some say in Ontario appointments."

Then the Minister of Agriculture goes on to say:

My memory is that in justifying certain things which happened in Waterloo, Mr. Hepburn took very strong exception to certain actions of the dominion government including certain appointments. I replied that I could see no reason why he should not make recommendations as other Liberal leaders do indicating that there are certain senatorial, judicial and possible future cabinet vacancies to be filled but making it plain that I had no authority from anyone to make proposals.

A little later on he says:

Mr. GARDINER: That is not "nominations".

Mr. MANION: Recommendations.

Mr. GARDINER: Yes.

Mr. MANION: Do I draw the conclusion that he was trying to flim-flam Mr. Hepburn? He is supposed to be a friend of Mr. Hepburn. The talk is that he was one of the men mixed up with Mitchell in an attempt to overthrow this government. That was the kind of talk. He was supposed to be a friend of Mitchell's, and yet he is virtually saying to-night that Mitchell would have the fun of recommending people knowing they would not be appointed.

Mr. GARDINER: My hon. friend said I had said that he had the right to nominate.

Mr. MANION: What is the difference between "nominate" and "recommend"?

Mr. GARDINER: No comparison at all.

Mr. MANION: What is the difference between "nominated" and "recommended"? "Nominated" means that someone is put forward and it is up to the government to appoint him. Nominating is not appointing, nor is recommending appointing. The only conclusion that one can draw is that the hon. gentleman is suggesting that he would tell Mr. Hepburn about the recommendation and that he was just putting it over Mr. Hepburn. Then he said:

After I returned to Ottawa and before Mr. King returned from Washington, Mr. Hepburn telephoned me and asked me to return to Toronto the following Friday. I stated that I would discuss the whole matter with Mr. King upon his return and let him know whether I would return to Toronto. I did so and returned to Toronto on Friday, November 25.

In other words, the Prime Minister did not make any objection. That is the only conclusion one can reach. The hon. gentleman and his party and the people of this country can form their own judgments on the whole case. The facts are as I have stated.

In closing this particular phase of my remarks—I shall soon be finished—let me say I notice that before he left this country the premier of Ontario asked for an explanation of the word "conspiracy." "Conspiracy" means

a combination for unlawful purposes. Ordinarily I would think that that word would be considered as slander and I think Hon. Mr. Hepburn is quite within his right in asking for something by way of explanation of the word "conspiracy." I hope, when that explanation is given, my hon. friend will lay it on the table of the house.

I have one or two words to say about royal commissions. While this government has not cured unemployment, it has appointed at least nine royal commissions. These are:

Rowell commission.
Veterans assistance commission.
National employment commission.
Textile industry commission.
Wheat marketing commission.
Penitentiary commission.
Lobster and smelt fishing commission.
Coal commission.
House of Commons committee on farm implements.

According to a press report under date of April 13, 1938, the total cost of royal commissions prior to that time was $1,123,000. I do not know what the total cost would be to the present time. What has been the result of the appointment of these royal commissions? Were they created to provide jobs? Very little attention has been paid to any of the recommendations made. May I interject here that I think now as I have thought for a long time, even when we were in power—the same thing was done then—that there are too many lawyers throughout this country drawing $200 a day to appear before royal commissions. In many instances it would require a great stretch of the imagination to think that these lawyers could earn $200 a day, and yet they are put on these commissions. In addition to that, they are given very liberal allowances—living allowances, although liberal is probably the word I mean.

Our magnificent country, with its tremendous area, its rich resources, and its small population, should be able to rid itself of unemployment, relief, social injustices and the demoralization that goes with youth unemployment. I am a Canadian. When I say that, I mean that I am interested in the nine provinces of this dominion. I am just as much interested in the welfare of the prairie provinces and the maritime provinces as I am in the welfare of Ontario and Quebec. I make that statement because of propaganda, I suppose put out by friends of this government, to the effect that I had decided to take no interest in the prairie and maritime provinces. That propaganda was spread throughout western Canada, particularly in the prairie provinces. The imagination of the writer bloomed like a rose, and he put out that information for all the papers of western Canada.

I believe that every province of Canada is complementary to every other province. We are one big family. One province should help to take care of another if it is in difficulties. I am just as much interested in western Canada as I am in eastern Canada. Our country has survived many trials and tribulations. We have a magnificent future provided we have no fear of being great. But we need vision and courage. We need not regimentation, but long term planning. Let me illustrate what I mean. About a year or a year and a half ago Great Britain allocated £500,000,000, or $2,500,000,000, to provide housing after the completion of armaments. That is an example of long term planning.

I believe that this government has failed utterly to realize the needs of this country, and I desire to move the following amendment, seconded by the hon. member for St. Antoine-Westmount (Mr. White):

That the following paragraph be added to the said address:

"We desire respectfully to express regret that the government has failed, since its accession to power in 1935, to show a proper realization of the serious economic conditions existing in all sections of Canada, as evidenced by unemployment and insecurity for hundreds of thousands of Canadian people, lack of opportunity for youth, and widespread distress in agriculture; and has failed to take appropriate measures to relieve such conditions."

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I hope my hon. friend will not deem me discourteous if I do not try to follow him in all that he has said to-night. I prefer rather to seek to follow the speech from the throne in what it indicates of the business before parliament during the present session. I am happy, however, that my first words may be those of agreement with my hon. friend on many of the things which he has said, particularly with remarks made at the opening of his address. I should like to thank him at once for his courteous references to the mover and seconder of the address, and for his characterization of their remarks on this occasion. I agree with my hon. friend that the two addresses to which we have listened, made by the hon. member for Brandon (Mr. Matthews) and the hon. member for Stormont (Mr. Chevrier), were two of the best addresses that have ever been made by hon. members in moving and seconding the address.

The hon. member for Brandon has come to the House of Commons without previous parliamentary experience, but he has devoted his life and time industriously to the study of public questions. He has taken his part in educational work and has had experience in

journalism as well as in business. All these activities have been reflected in a very real way in the able manner in which he addressed this house this afternoon. On behalf of hon. members on this side in particular I should like to congratulate him very warmly on his achievement in winning the constituency of Brandon in the recent by-election. His actions on that occasion speak even louder of his abilities and attainments than his words this afternoon, eloquent as they were.

The hon. member for Stormont also made an exceptionally fine address. He has been in the house now for some three years. We have heard him on different occasions, and on each occasion have admired his facility in speaking in either English or French and in always contributing something of value to the debate under discussion. May I say to my hon. friend that by his speech this afternoon he has greatly enhanced the already very high reputation which he holds as a member of this house.

Naturally I am more than pleased to join with the leader of the opposition (Mr. Manion) in recording the expressions of delight with which the people of Canada from coast to coast have learned of the decision of their majesties to visit Canada in May and June of the present year. The king and queen, when they come to this country, will receive a right royal and truly loyal welcome from the people of Canada.

I should also like to join with the Leader of the Opposition in my expression of admiration of the fine personal qualities of their majesties, of the beauty of their home and family life, and above all, of the manner in which they have consecrated their lives to the public service. I believe it is literally true that no sovereigns in the history of Britain, and it is a fine history, have ever devoted themselves more whole-heartedly and completely to the service of their subjects.

The visit of their majesties to Canada will be a great historic occasion. It will be the first time that the citizens of this country will have had the opportunity of personally welcoming on their own soil their king and queen. We are all delighted that their majesties have found it possible in connection with their visit to Canada to pay a visit also to our good neighbour, the President of the United States, and to spend a few days in the United States while they are on this side of the ocean. It is not only the first time that a British sovereign has visited the North American continent, but it is the first time that a British sovereign has been in the western hemisphere. Taken altogether, I am sure the visit will be one which will go down in the annals of history as of outstanding importance in the story of the great empire of which Canada is a part.

The house might be interested in just a word regarding one or two features of the visit. The arrangements with respect to the royal tour have been placed by the government in the hands of an interdepartmental committee composed of prominent members of the public service under the supervision of the senior members of the cabinet. The committee will work in close cooperation with provincial and municipal authorities.

I should like to stress, in speaking of the visit, how difficult it is both for the committee and for the members of the government to seek to meet the wishes and demands of different localities as to having their majesties visit them while they are in Canada. The main purpose of the visit, of course, will be to enable their majesties to see as much of the people of Canada as they can, and to enable the people of Canada to see as much of their majesties as they can. For that reason it has been found necessary to eliminate most of what otherwise there might have been in the nature of functions and ceremonies. Their majesties are undertaking a very extended tour, and I should like to emphasize how generous they have been in consenting within the space of one month to travel from one end of Canada to the other, thereby visiting all the provinces of the dominion.

There have been and naturally will be many disappointments that it is not possible for the king and queen to visit certain localities. But may I say that, having personally gone carefully into the whole matter of the itinerary with the members of the committee and with the railway authorities, I know that the itinerary has been worked out with the utmost care, having regard to what the distances are in this country and to what the strain is certain to be upon our royal guests during the time that they are here.

Their majesties have expressed a wish not to travel at night in order that they may see as much as possible of the country and of the citizens of Canada. When one eliminates travel by night on great journeys such as they will be taking, and confines travel mostly to the day time, it will be seen at once that the arrangements which have been made as to localities to be visited go perhaps about as far as it is possible to have them go. The itinerary will be gone over again with great care by the railway authorities when they are fixing the minutes—I might almost say the seconds—to be given to the different localities to be visited, in regard to train services the movement of trains and the like, and if it is at all possible in any way to make any ex-

tension which will not involve too great a tax upon the energies of our royal guests, that exception will be made. But I want to make it perfectly clear that any attempt by pressure on the part of individuals or organizations or communities to have some change made in the itinerary is not likely to prove the best way to go about securing it.

May I express my warm appreciation of the spirit and the way in which generally the people of Canada and the different localities have accepted the situation. I should like to mention particularly the city of Toronto and the city of Montreal, the two largest and two of the oldest cities of Canada. The stay of the king and queen in each of these two cities will not be beyond a day, and part of that time will be taken up in travel, but it was the most that it was at all possible for the committee in charge to accord.

Hon. members will be interested in knowing that when their majesties arrive in Canada, it is the intention of the king to speak at Quebec. His majesty will also speak in this city when he is unveiling the National War Memorial. He will speak again at either Victoria or Vancouver, and will also speak at Halifax at the time of his departure. I understand that the day his majesty will be in Winnipeg is Empire day, and that the king intends to deliver from the city of Winnipeg an empire broadcast. That includes the number of speeches that will be made, all of which will likely be broadcast to all parts of the country.

I am happy to be able to announce that Her Majesty the Queen has graciously consented to lay the cornerstone of the new Supreme Court of Canada building when their majesties are here in the city of Ottawa, and the queen may on that occasion deliver a short address.

There are other features of the tour that I should like to mention, but they will perhaps come better at some later time by way of question and answer in this house.

There is, however, one other feature which I should like to speak of in particular, and that is the relation of their majesties' visit to the business of this house. I have seen it stated in the press, on what authority I do not know, that His Majesty the King would prorogue parliament when he is in Ottawa. May I say there is no authority whatever for that statement. It has not been given out by the government or by any authorized body. I make that clear for this reason, that I wish hon. members of this house to understand that so far as the royal visit is concerned, it must not be expected in any way to interfere with or to hasten the proceedings of this House of Commons or of this parliament. We are here to do the country's business, and on behalf of the government I wish to say to hon. members that we want that business done in the most businesslike way possible. We as a government intend on our part to bring forward the different measures as rapidly as the convenience of the house will permit. If we are through in time to have prorogation when their majesties are here, the effort will be made to secure prorogation by his majesty himself; but if we are not through at that time and there remains business to be considered, an adjournment of parliament will be made and the house will resume consideration of public business after their majesties' visit. I wish to make this very clear, not only for the reason I have already mentioned but also because I am sure there is no one who would regret more the thought that in any way the visit was responsible for hastening the business of parliament than the king himself.

I confess I hardly know where to begin in attempting to comment upon what my hon. friend the leader of the opposition has said. I might perhaps remark that in a broad way the speech from the throne seems to fall naturally into three or four distinct parts, each of them having to do with matters which the government believe the country is most interested in at the present time. The first part I would mention, apart from the royal visit to which I have already referred, is the question of defence. The defence of our country at this time in the affairs of the world is of special concern. The second division relates to the trade treaties which are a constructive contribution to the solution of problems not only in our own country but also, we believe, in other parts of the world. The third part is concerned with the great problem of unemployment, which has been the concern of every parliament, of every legislature and of every municipality for the past eight or nine years, and, I might add, not only in Canada but pretty much throughout the entire world. The remaining part of the speech has to do with other measures that are likely to be brought forward and discussed as among the most important ones in the present session.

With regard to the question of defence, may I say that here I am happy to find that my hon. friend opposite appears to be, to some extent at least, favourable to what is set forth in the speech from the throne as to the government's policy. I do not wish to hold him down in any narrow way to any particular set of words; but broadly speaking he has received that part of the address with a certain measure of approval, no doubt reserving to himself the right, as measures are brought

forward from time to time, to express his views upon whether or not those measures adequately meet what he and his party conceive to be the present need.

I should like to take this opportunity at once to express to the leader of the opposition my appreciation of his attitude at the time of the great crisis last September. By his silence he sought not to embarrass the government at a very critical time. It is true that he was not at that time a member of the House of Commons nor was he the leader of the opposition. He could not be leader of the opposition until he came into the house. He was, however, the leader of his party and I understand, in fact I read, criticisms directed at him for his failure to attack the administration for not having come forward at the time and indicated whether or not it was prepared to have Canada engage in a European war. I thought my hon. friend showed good judgment on that occasion, and not only good judgment but also true patriotism. He has been long enough in a government to know something of the responsibilities that a ministry incurs when dealing with great problems that affect the well-being of nations, particularly to the extent of involving war. If there are hon. members who think the attitude taken by the government last fall was wrong in maintaining a steady, thoughtful and careful position while matters were in a very critical state in Europe; if there are any hon. members who are of the opinion that the government's attitude on that occasion should have been different from what it was, I wish to say that the government will gladly afford them ample opportunity to debate that issue at an appropriate time during the course of the present session. I believe, as I felt at the time, that the greatest service that this or any other country can render at a time of great need or peril is to be prepared, in whatever it does, to act in a united and wholehearted manner. The administration, knowing the critical situation that existed last fall, took the view that if at all possible no premature word or utterance on its part should in any way become responsible for the slightest occasion of disunity or even of question in the minds of the people of Canada. I believe that our attitude in that respect has been proven to be more than justified.

Some members of my hon. friend's party were, however, very critical of the administration. They seemed to feel that we ought to declare that Canada was prepared to go into a European war the moment war broke out, and make that declaration even before it was at all apparent what the particular issue was likely to be in the event of war, or whether or not Great Britain herself was likely to be involved. It might as well be said now, at the beginning of this session, because it will be the attitude of this government for its time, that before this country goes into any war this parliament will be consulted.

The other day I was reading a most interesting book recently published, a work which is full of valuable personal and political information, written by a well known former hon. member of this house and, I am happy to say, a former colleague in a previous Liberal administration. The volume is one of Recollections, Political and Personal, by the Hon. E. M. Macdonald, and has just been published. Mr. Macdonald's book contains amongst other of its contents, a great deal of valuable historical material in reference to the policies which have been adopted by the respective parties in bygone years. In reading Mr. Macdonald's book I came across a statement of the Liberal position with respect to participation by Canada in conflicts which might take place in other parts of the world and the attitude taken thereon by the Right Hon. Sir Wilfrid Laurier as long as thirty years ago. I should like to read that statement to-night because at the time it was made it was expressive of Liberal policy concerning the relation of this country to other countries at a time of war. It was a statement of the Liberal policy which was accepted then, a statement which sets forth the Liberal policy as it has been followed ever since. I wish to give it as a statement of the Liberal policy as it is to-day and as it will continue to be under the present Liberal administration.

At page 331 of Mr. Macdonald's book, referring to the debate that took place in this House of Commons on the Naval Service Act in 1910, the author quotes Sir Wilfrid Laurier speaking in that debate as follows. Here are the words of Sir Wilfrid:

> I am a Canadian first, last and all the time. I am a British subject by birth, by tradition, by conviction; by the conviction that under British institutions my native land has found a measure of security and freedom it could not have found under any other regime.

Then in another place at that time:

> If England is at war we are at war and liable to attack. I do not say we will always be attacked; neither do I say that we would take part in all the wars of England. That is a matter that must be guided by circumstances, upon which the Canadian parliament will have to pronounce and will have to decide in its own best judgment.

My hon. friend made reference, in speaking of defence, to the paragraph in the speech from the throne which refers to the intention of this government to appoint a defence purchasing board, and expressed the hope that it would not be a political board. May I say to my hon. friend I think that when the government's legislation is brought down he will have every reason to feel that in this matter, as in all others, the government has sought to do that which will commend itself to the people of this country at large; and that the board which will be appointed will be a board which will command the respect and confidence of hon. members of this house. I agree with my hon. friend when he says that he believes there is no right thinking person in Canada who wishes to see unwarranted profits made out of anything that has to do with war. The whole question as to what is best in the matter of the manufacture of war materials, munitions and other implements of war, whether it is better to have this done under government ownership, or private ownership properly controlled, is one which will come up for full discussion and debate in this house this session. I shall not go into that question now, but I wish to say immediately that for myself, and I speak as well for every member of this administration, and I think I may say for every hon. member in this house, we are determined to see that, where it is necessary for the country to engage in the manufacture of war material, matters are so safeguarded that their manufacture cannot be made a basis for profiteering.

I come now to the next part of the speech, which has to do with the trade treaties. But I recall that before my hon. friend came to that part he brought in a matter which rather surprised me, because it was touched on only a few minutes before the debate opened, one which it seemed to me he sought to stress unduly, namely the question of the refusal of an application made within the last few days to the radio broadcasting corporation by the publisher of one of our Canadian papers to be allowed to use the corporation's network for the purpose of delivering addresses setting forth his personal opinions on some public matters. Now I have already said that as far as that application is concerned the government knew nothing whatever of it. No member of the government had any knowledge that such an application was being made; no member of the government had even heard anything about the application having been refused until he saw mention of it in the press; although in the press, which apparently is not to be censored in any way, the statement was made quite emphatically that the government was responsible for the refusal of that particular application.

My hon. friend says, What we ought to have in this house is a committee dealing with radio. I think it would be a kindness to my hon. friend to say at once that there are a number of things that he has missed in the three years he has been out of the house recently. His address to-night gave evidence of that repeatedly, and this is one instance. This house has had for a couple of years past a standing committee on radio broadcasting.

Mr. MANION: I knew that all the time.

Mr. MACKENZIE KING: If my hon. friend knew that all the time and yet asked for a committee I am somewhat surprised.

Mr. MANION: May I ask my right hon. friend as a matter of information whether that committee is a standing committee that continues this year without further appointment?

Mr. MACKENZIE KING: There has been a committee for the last two sessions, a select standing committee. A motion was passed:

> That a select committee be appointed on radio broadcasting to consider the annual report of the Canadian Broadcasting Corporation and to review the policies of the corporation with special reference to revenues, expenditures and development, with all the powers vested in the standing committees under standing orders and the resolution passed by this house on the 7th February, 1938.

Mr. MANION: But I am afraid that does not answer my question. Is that committee automatically appointed for this year also?

Mr. MACKENZIE KING: No; it will require the appointment of another committee.

Mr. MANION: That is exactly what I was saying.

Mr. MACKENZIE KING: The inference I drew, and which I think hon. members of the house will have drawn, from my hon. friend's remark was that there was need of such a committee.

Mr. MANION: This session.

Mr. MACKENZIE KING: Oh, at previous sessions, all the time.

Mr. MANION: No, I knew there was a committee; I read the press.

Mr. MACKENZIE KING: Then if my hon. friend knew, he evidently forgot some things. The committee reported, and its report was accepted unanimously by this house. One feature was approval of the policies of the Canadian Broadcasting Corporation, because it was into those very matters that the committee was obliged to look. As I said this

afternoon, in order to remove the possibility of any control on the part of the government over radio broadcasting in this country, this parliament passed an act establishing the Canadian Broadcasting Corporation. There was appointed to govern the affairs of that corporation a board of nine governors. These members were selected from different parts of Canada, covering pretty much the entire dominion. Every member of the board of governors is recognized as a person well qualified to hold such a position. And the board of governors was given power to lay down regulations with respect to radio broadcasting. The board has laid down certain regulations, not within the last twenty-four hours, or the last two months, but regulations that have been in force for the last year or two. Among these regulations is one to the effect that the national network cannot be bought up by any individual or any corporation except under certain conditions for the purpose of giving his or its views to the nation at large over the national network.

Mr. MANION: What about George Drew?

Mr. MACKENZIE KING: Did he have the national broadcasting network?

Mr. MANION: He had a broadcast across Ontario, and George McCullagh could not get that.

Mr. MACKENZIE KING: This was an application for the entire national network.

Mr. MANION: I appreciate that, but later he tried for less and could not get anything.

Mr. MACKENZIE KING: Well, I think he succeeded in getting something, because my hon. friend heard him. But may I point out, as far as the application is concerned, that it was not rejected because it came from one individual; it was rejected because the rules and regulations of the broadcasting corporation which set forth the conditions under which the use of the entire network may be acquired by any person apparently did not permit of the application being granted. The point, as I understand it, is this, that the governors of the corporation have provided that there shall be round table conferences, debates, a forum, where there shall be opportunities given from time to time for discussion of different questions of importance, and that subject to the existing rules and regulations facilities will be provided alike to all parties who take part in these discussions when they wish to put forward particular views. I understand that the publisher in question made application and was told by the corporation that he might appear in connection with any of these opportunities which are given to all persons alike, and make his statement there. But the rule of the corporation, as I understand, is—

Mr. MASSEY: If the right hon. gentleman will permit me, he was told that he could make his statement on the forum, but he would be given his subject.

Mr. MACKENZIE KING: Well, the hon. member for Greenwood (Mr. Massey) seems to know more about the details than I do. However the letter explaining the situation, written by the manager of the broadcasting corporation, will make perfectly clear what the reason was. This afternoon I placed that communication on the table and the house having given its consent, it will appear in Hansard to-morrow. I should be very much surprised if in any particular there has been an exception made to any rule, either by way of refusing such an application or by way of granting a special privilege to others. If any such thing has occurred of course the manager and governor will quite properly be liable to be taken to task for it. But may I again draw the attention of hon. members to the fact that all members of this house had full opportunity last year to consider or take exception to the policies of the radio broadcasting corporation. Having done this, I wish now to read one or two paragraphs from the report of the radio broadcasting committee which was submitted to this house and carried unanimously, which report approved the very policies designed to see that radio broadcasting, as carried on by this corporation, should be so conducted that there would be equal opportunity for all concerned, regardless of their particular circumstances one way or the other. I quote now from page 194 of the proceedings of the committee on radio broadcasting, under date of May 20, 1938:

> Your committee held seven meetings and had as principal witnesses the chairman and vice-chairman of the board of governors and the general manager. During seven sittings an exhaustive examination was conducted. All information required by the committee to carry out its terms of reference was supplied, confidential information not susceptible of publication in the public interest being made available privately. The committee was impressed by the ability and frankness of the principal witnesses.
>
> The bulk of the evidence concerned the program, technical and financial policies of the corporation. Your committee is of the opinion that these policies are well designed to carry out the purpose for which the corporation was created. Your committee is also of the opinion that the policies of the corporation are being executed in a businesslike fashion.

And further:

Your committee believes that the constitution of the corporation, ensuring a proper division between policy and management and a degree of flexibility and independence essential to the medium of broadcasting, together with ultimate parliamentary control, is well suited to the purpose for which it was created. Public service broadcasting in Canada must necessarily continue to be free from partisan control, and your committee is gratified to report that the activities of the CBC have been free from any nature of partisanship whatsoever. Your committee also wished to pay its tribute to the governors of the corporation for their vision, public spirit and efficient conduct of the trust imposed upon them by parliament.

That was after an examination of the corporation's policies, and I think I am right when I say that the regulations referred to by the manager of the broadcasting corporation, which govern in the matter, were in existence at the time this report was made. I think the hon. member for Greenwood, who interrupted me a moment ago, was a member of one of the committees of this house which investigated radio broadcasting.

Mr. MASSEY: The first committee.

Mr. MACKENZIE KING: And I believe those regulations were in existence at that time.

Mr. MASSEY: I hesitate to interrupt the right hon. gentleman, but it is the interpretation of the regulations which is causing the difficulty at the present time. I do not wish to attempt to make a speech at the moment; I expect to speak on this matter later on; but if the Prime Minister will permit me, he will recall that at the time the committee sat two members of the committee withdrew because they were not permitted to call witnesses to go into just such a matter as has arisen at the present time.

Mr. MACKENZIE KING: May I say that as far as the government is concerned we would welcome the appointment of a committee again this year, and every opportunity will be given hon. gentlemen opposite to name their members of that committee. Opportunity will be given the committee to call the general manager, the governors and any others connected with the corporation, and they may go very fully into all the rules and regulations that have been drawn up.

What I want to point out, Mr. Speaker, is that as far as radio broadcasting in Canada is concerned, when this parliament has put the whole business into the hands of a broadcasting corporation it seems to me that we as members of this house in our public capacity ought to be prepared to support the corporation in seeking to make rules which will cause radio broadcasting throughout this country to show favours to none but equal privileges and opportunities to all. I believe it was in that spirit that the regulations at present in existence were laid down.

I hope I am making it clear that as far as censorship is concerned this government has no desire whatever to effect any censorship with respect to anything excepting what may be distinctly contrary to the public interest; but that so far as the broadcasting corporation is concerned such censorship as is exercised there is not the censorship of the government but of the corporation which parliament itself has established and to which has been given certain rights and powers.

Now I come to the question of the trade treaties, and here first of all, may I remind the house of the sequence of events, because it is only in the light of such that one can properly appreciate the significance and effects of any government policy. May I recall that from the time of confederation until the late administration went out of office there had been repeated efforts—not excluding those of the last administration— to bring about a reciprocal trade agreement with the United States, an agreement which, as between our two countries, would have mutuality of benefit and which would be reciprocally helpful. Every effort towards that end failed until the present administration came into office after the general election of 1935. The first task undertaken by this administration was that of bringing about an agreement with the United States if such was at all possible. We succeeded in getting that agreement, which was approved by this parliament and was to remain in force for three years, to continue thereafter subject to cancellation on six months notice. We have had three years of experience with that agreement, and I ask hon. members of this house: Are there those here who think this country would have been better off if an agreement had never been effected?

Some hon. MEMBERS: We certainly would.

Mr. MACKENZIE KING: I hear very little in the way of rejection. I am certain the people of Canada generally whole-heartedly approve that agreement. They know there is not a single part of this country that has not benefited under the provisions of that trade agreement during the last few years. At the time this agreement was negotiated there had to be certain concessions on our part which affected certain interests here and there. Equally there had to be concessions on the part of the United States which

affected interests in that country. But so far as Canada is concerned, during the last three years the benefits of that agreement have been so apparent that the country has altogether forgotten the concessions that had to be made here and there in order to bring the agreement into effect.

We know that the increased trade resulting from the agreement has helped materially in keeping conditions better than they could possibly otherwise have been. A great deal has been said to-day about there still being numbers of unemployed. I wonder what the present position would have been if it had not been for some of the measures that have been brought in by this government. We would have had not the mere question of the numbers unemployed to-day; we would have had unemployment to four, five or perhaps ten times the extent it exists at the present time, with what consequences having regard to world conditions no one can say.

Mr. SPENCE: Better explain.

Mr. MACKENZIE KING: Better explain? The improved condition has been due to the fact that under these trade agreements we have had wider markets for our primary products. These wider markets secured to those engaged in the primary industries of Canada have brought to this country a quantity of purchasing power which has gone towards the purchase of manufactured and other goods; a purchasing power which but for those agreements would not have existed. That purchasing power has helped to give employment to men in industry, in agriculture and in all the branches of our economic activity.

We came to the point where we had to consider where we would be when the three years were up. When the 1935 agreement was negotiated it was to a certain extent an experiment. The United States was then within a short space of a presidential election. There were concessions which at the time that country was hesitant about making, until they saw how the agreement was likely to work out. We were in the same position in regard to some things we should have liked to have done. At the time it was distinctly understood that the three years would be a testing period and that if after a trial the agreement proved to be mutually beneficial an effort would be made anew to extend and expand its provisions. Not only would the effort be made to extend and expand the provisions but to secure them for a further period of time. I want hon. members to keep that factor in mind.

When this government began its negotiations to have the agreement enlarged and extended it was facing the possibility of the then existing agreement ending at the expiration of the three year period, if we should not be able to secure the goodwill of our neighbours to the south, as we had before, when we began to negotiate. We began early, knowing how difficult these negotiations are, and how many considerations there are of which account has to be taken. We found that the governments of Great Britain and the United States were considering the making of a trade agreement between those two countries. When some of us were present at the imperial conference in England it was made quite clear to us that an agreement between the United States and Great Britain in matters of trade not only would be beneficial to those two countries but might help to point the way to a method of dealing with international affairs better than that which was existing in some other parts of the world.

May I say at once to my hon. friend that when we discuss trade matters we are almost certain to differ diametrically because we view matters in an entirely different light. I believe the way to help to improve economic conditions, employment and the like is to encourage trade and to obtain as much in the way of trade as we possibly can. My hon. friend opposite believes in the policy of economic nationalism.

Mr. MANION: Nothing of the sort.

Mr. MACKENZIE KING: Oh, yes.

Mr. MANION: Nothing of the sort.

Mr. MACKENZIE KING: Well, then, the government of which he was a member went farther in that direction than all other governments in Canada put together. I am not aware that he offered any objection. At any rate, he certainly did not—

Mr. MANION: I assume the right hon. gentleman is not aware of many things which happened in council.

Mr. MACKENZIE KING: That is true. But I am aware that my hon. friend sat here at one time when we were discussing trade matters, when I was putting forward the argument I am making to-night, and on that occasion he said that trade was war. I think his words are still on Hansard.

I do not entertain that view. On the contrary I regard the promotion of trade as a means of avoiding war. I believe if policies of economic nationalism continue to make headway among the different nations, that war will follow as certain as night the day. It is not too much to say that such a policy perhaps above all others lies at the root of

conditions in Europe to-day. Some of those countries have abandoned the old policy of promoting the interchange of goods and have sought to become water-tight compartments in matters of production and purchase within their own boundaries. There can be no doubt in the world about that.

To-day opinion in the world is divided in large part between the two points of view, as to whether nations are to continue to seek to develop along lines of economic nationalism or whether something more is to be sought by way of international trade and greater freedom of intercourse between nations. This government believes in the latter policy. We have been pursuing it, and pursuing it successfully. Since the world has become as disturbed as it has been in recent years the first great step towards furthering better international relations was the step taken by the present government when it negotiated its first trade agreement with the United States.

Inevitably when the British and United States governments were seeking to develop a trade agreement between themselves the question came up with respect to the agreements which Canada had already had with each of those countries. We had an agreement with Great Britain which originated at the time of the economic conference of 1932, since modified and renewed in part but which expires in 1940. We had our agreement with the United States which with six months' notice would have expired this year. Those two countries were stressing to us their desire to reach a trade agreement between themselves. They kept pointing out that while they were seeking to negotiate a trade agreement between themselves they had in some particulars to bring up for our consideration some of the features of the agreements which were already in existence, one between Canada and Great Britain, the other between Canada and the United States.

Suppose we had assumed the attitude that under no circumstances would we consider—whether or not we got compensation, adequate or greater than adequate—the clause in the agreement between Great Britain and Canada which said that with the consent of the two parties modifications might be made in the agreement at any time, where each of the parties was likely to benefit in the long run. If we had taken any such attitude where would this country have been in 1940 when it came to seek a renewal of our agreement with Great Britain? I want this house to understand just where the country would very shortly be, if policies such as those suggested to-night by my hon. friend opposite were to govern, instead of those which the present administration has followed.

In matters of government it is always wise to look ahead—sometimes a long way ahead. I want to repeat that a consideration of which this country had to take full account when negotiating these agreements was just where would we be when the period of each of the present agreements expired, if we were not able to retain the friendship of the two countries with which we had negotiated our previous agreements? I say any government which would not have considered that aspect of the question would have been recreant in its duty alike to the future and the present, because even within the space of the few months when these negotiations were going on, notice could have been given to terminate at the end of the year the agreement already existing with Canada. Instead of having an enlarged trade agreement, good for the next three years and I hope many more, which will be discussed in the house within the next few weeks, we might well have found ourselves with no agreement at all. I ask hon. members in all parts of the house if that is a position which anyone would have welcomed.

What we have got has been the result of trying to deal in a fair and honourable way with the two countries closest to us, the two countries which are our best customers, the countries with which we have the closest relations and upon which we are dependent for very much of what we enjoy in the way of freedom and security. The government was glad to view the situation in a large way. We indicated, however, at once to our friends alike in Great Britain and in the United States that we would consider modifying our position in the British market only if we were to be ensured of adequate compensation, either by the British or by the Americans or both together, and that only upon that basis were we prepared to consider suggested modification. We believed that once together to discuss matters in the light of a larger agreement calculated to affect many countries, we would be able not only to review the existing agreement but to make a much better agreement for the next three years than the one we had at that time. Such has proved to be the case.

I am not going into the details of the agreement to-night, but I venture to say that when it is discussed in this house hon. members will find that for the next three years and beyond we shall have an agreement much more beneficial to Canada than the one we have had for the last three years. Not only that, but I think it will be found that we in Canada shall also benefit considerably from the agreement that has been made between the United States and Great Britain. We receive extra advantages that arise out of that particular agreement.

But I ask: Are we in times such as the present, going to view everything merely in terms of material values, in terms solely of quantities of trade? This afternoon my hon. friend began examining in microscopic fashion some of the concessions that had been made and that involved for the moment some sectional interest somewhere. Then he passed on to do the same sort of thing elsewhere, but confining the concessions granted to those on one side only. May I say to my hon. friend that agreements are not generally made without concessions by both sides?

He did not go over the other side of the agreement to see what we got in return. He did not tell the house this afternoon of the larger market for cattle that would be available. He said nothing of milk, of other dairy products, of fish, of potatoes, and other products. Nor did he go over the many other additional advantages that would accrue to other primary industries the products of which are to obtain wider markets. What is most extraordinary of all, my hon. friend seems to deplore the fact that there has been a reduction in taxation. One of the many things that he said to-night was that this government had made no reduction in taxation; yet a large part of his remarks this afternoon was in the nature of an attack upon us for having taken off the three per cent excise tax. If the three per cent excise is not taxation, what is it?

The truth of the matter is that since it has been in office this administration has done more in the way of reducing taxes on trade than has been done, not only by any one previous parliament but by any other two or three previous parliaments. This government has done more in the way of relieving consumers and industry of taxation where it affects trade, than has been done in many years previously in the history of this country. If you remove taxation, such as the three per cent excise, it is a removal of three per cent taxation on everything that comes into the country subject to such tax. Are you not thereby helping all consumers throughout the country? Are you not helping to put the equivalent of so much more purchasing power in the hands and pockets of the great body of consumers throughout Canada? Are you not helping to make the cost of living easier for the people of the country?

I say that so far as the agreements are concerned, this government has done a great national service. But it has done something much more than that. It has helped to make one of the most substantial contributions towards improving world conditions that has been made in this last decade. I venture to say that at this time in the world's history nothing has been more necessary than that every effort should be made in that particular direction. Is it not literally and absolutely true that the basis of the civilization which we cherish is dependent above everything else upon the friendly relations which exist between the English speaking countries of the world? By the English speaking countries, I mean this Dominion of Canada, the United States of America and Great Britain with the other dominions. It is literally and absolutely true that at this time in the world's affairs, when different forms of government have control in other lands, that the nations which cherish common ideals of freedom and liberty cannot be brought too closely together. There are no nations anywhere in this world that hold to the great ideals which those who love freedom cherish more than do the peoples of Great Britain, the peoples of the United States, and our own people. By these two agreements—I have put it broadly because the negotiations were carried on side by side—we have been able to bring together in a more friendly way these great elements of the English speaking world.

My hon. friend said that there were some interests in this country opposed to this agreement, but that their protests were being made sub rosa. He said that they were too patriotic to do anything about it.

Mr. MANION: I said that my right hon. friend pretended that they should be too patriotic. I did not suggest that they were too patriotic; I said that their patriotism prevented them from saying anything.

Mr. MACKENZIE KING: It is a pity that patriotism does not prevent my hon. friend from saying a great many things.

Mr. MANION: I do not think I have to learn anything about patriotism from the right hon. gentleman.

Mr. MACKENZIE KING: I was rather surprised this afternoon to hear what my hon. friend had to say about the actions of the President of the United States at the time of the crisis last year. Considering the situation that exists to-day in the world; considering the part that the United States, along with Great Britain and France and other democratic countries, have played in seeking to work together to preserve the liberties and freedom which they enjoy, I was astonished that my hon. friend, a leader of a political party in this house, should have said in the hearing of all present that the most he thought the United States had done at

that time was to criticize Mr. Chamberlain for the action which he had taken. May I read to the house what Mr. Chamberlain had to say about the United States at the time of the crisis? I should like to quote from a statement made in the parliament of Great Britain by the present Prime Minister, as reported in the *London Times* of October 4. After referring to Mr. Daladier and others, the Prime Minister said:

> There is one other power which was not represented at the conference—

That is the Munich conference.

> —and which, nevertheless, we felt to be exercising a constantly increasing influence. I refer, of course, to the United States of America. (Cheers). Those messages of President Roosevelt, so firmly and yet so persuasively framed, showed how the voice of the most powerful nation in the world could make itself heard across 3,000 miles of ocean and sway the minds of men in Europe.

I say to my hon. friend that if he had given that quotation to the house instead of saying what he did, he would have been more patriotic in his attitude. I can conceive of nothing less patriotic in these times than an effort on the part of any Canadian public man or citizen to try to create prejudices between this country and the United States. If ever there was a time when good will was required between different countries, and especially neighbouring countries, it is the present. It is with a great deal of pride that the present administration is able to look back upon the past three years during which it has been in office, the time during which our trade agreement has been in effect, and find ourselves able to say what cannot be denied from any source, that never have the relations between any two countries in the world been more friendly and more mutually helpful than have the relations between Canada and the United States during those three years. I think I can say with equal truth that there has been no time in Canada's history when the relations between this dominion and Great Britain and other parts of the British empire have been more friendly and mutually helpful than they have been during the last three years.

And so, without going further into the matter of these treaties at the present time, because we shall be debating their economic aspects later on, I shall content myself with repeating what appears in the speech from the throne, namely that the agreements constitute in no uncertain way a real and constructive contribution towards a betterment of world conditions, at a time of this world's greatest need.

If there is any doubt that that view is also held by other governments, let me quote from a telegram which I received the day of the signing of the treaty from the Secretary of State for Dominion Affairs on behalf of the government of Great Britain. It was received at Washington on November 17, 1938, and reads as follows:

> To: The Prime Minister of Canada.
>
> From: The Secretary of State for Dominion Affairs.
>
> On occasion of to-day's signature United Kingdom-United States trade agreement I should like to express again to Canadian government cordial appreciation of their readiness to facilitate our agreement with the United States by consenting to such modifications of their rights under their existing trade agreement with United Kingdom as were necessary to enable it to be concluded. It is our confident hope that agreement now signed together with complementary agreement between Canada and the United States which is being signed at same time will assist substantially in reducing barriers to trade, and will thereby prove a real contribution to world appeasement.

I sent the following telegram in reply, in acknowledgment of the message I have just read:

> From: The Prime Minister of Canada.
>
> To: The Secretary of State for Dominion Affairs, London.
>
> Washington,
> November 18, 1938.
>
> I have been much pleased to receive your telegram on the signature of the trade agreements. My colleagues will be not less pleased than I am to know that in the negotiation of the Canada-United States agreement, we have been able to facilitate the conclusion of the agreement between the United Kingdom and the United States, thereby strengthening the friendly relations between the two countries with whose fortunes those of Canada are so closely associated. I earnestly hope that the agreements signed yesterday will provide to other countries an example of the mutual advantages which flow from the broadening of trade relations not only in the realm of material well-being, but in the wider sphere of human understanding and good will.

Let me say this further word in concluding this part of my remarks. During the present session, if hon. members in any part of the house so desire, they shall have the opportunity of voting on this trade agreement and of letting the country see by their votes just where they stand, whether they are in favour of it or against it. We then too shall know how fully this treaty meets with the approval of hon. members of this house, as we know, and as hon. members know, it has already been approved by the people of this country.

May I come now to the matter of unemployment. As I said a moment ago, the problem of unemployment is not a new one

in this country. It became a serious problem nearly nine years ago. It was worse during the period when hon. gentlemen opposite were in office than at any time. It has continued to be a most difficult, perplexing and baffling problem—and why? For the reason that it is a world problem. It is not a problem peculiar to the city of Ottawa, or a problem peculiar to the province of Ontario, or a problem peculiar to the Dominion of Canada. It is a problem with which every country in the world has been confronted within recent years—and why? Because of the policies that are being made to prevail in certain parts of the world, those policies of economic nationalism which, instead of bringing nations closer together and permitting more and more in the way of trade, are putting countries, as I said a moment ago, into isolated compartments where their dealings with each other are narrowed down to small margins, and where, as a result of the shrinkage of trade throughout the world, there has been a consequent and inevitable shrinkage of employment as well. In many countries of the old world the problem, to outward appearances, has been solved to a certain extent; but when one stops to ask oneself how that solution has been made, one begins to understand why it has not been possible to solve the problem in the same way in Canada.

Take the countries of Europe to-day with large numbers of men employed—take any of them, if you wish—and ask yourself this question: How many would be in employment in those countries if they were not employed in making armaments or munitions, if they were not regimented into armies, if they were not putting in their time building fortifications, if they were not engaged in the work of preparation for war? Ask yourself that question and you will find the explanation of why the labour problem is what it is in the world to-day, and what it is in this country to-day. These men are being employed in war industries, in the case of some nations possibly for aggressive purposes. It is not for me to say whether that is the case or not. It is for each to judge for himself. But what has been the result? The result has been that that form of solving the unemployment question has necessitated other nations doing much the same thing. There is an old law that applies to the precious metals, what is known as Gresham's law, according to which, as Gresham discovered, where you have two metals in circulation at the same time, the one base coinage and the other pure coinage, the base coinage sooner or later drives the pure coinage out of circulation. The pure coinage is either hoarded or melted down and used in the arts, and the baser coinage gets into circulation. I believe that is only part of a more comprehensive law which may be termed the law of competing standards, and which applies to the behaviour of nations and of men just as much as it applies to the circulation of the precious metals. You have different nations beginning to arm, beginning to try to maintain their own on the basis of force, and by the spreading of fear throughout the world; it then becomes inevitable that other nations have to begin to protect themselves against that kind of thing, and as they begin to protect themselves against the dangers of war, they too get drawn into this business of competitive arming. They too find it necessary to manufacture munitions and armaments, to regiment their men in large numbers, with the results that we see. And what do we see?

Look at the financial statements of Britain to-day; look at the financial statements of the United States to-day, and see what proportion of the national income is going into war armaments or munitions and into the training of men for war. That has had another effect. It has had this effect. It has thrown capital out of productive industries and put it into unproductive industries, with the result that there is much less capital left to invest in anything of a productive character.

But it has had an even worse effect than that. It has helped to prevent the investment of capital altogether. It has had a paralyzing effect upon the investment of capital. That is the position, above everything else, of this country and of some other countries to-day. Men will not put out their money to invest in the different industries. They are withdrawing their capital from industry. Ask the Minister of Finance (Mr. Dunning), who is sitting here to-night, how much of the investment of capital to-day is going into government securities at a low rate of interest in comparison with what took place in former years. It has deprived manufacturing industry and our primary industries, and the like, of the capital they need. Why is that? Fear is paralyzing people with regard to their savings, and they are not investing them for productive purposes.

You cannot increase production, you cannot increase the means whereby men get their livelihood, if there is a failure to invest capital or a failure to supply labour. Labour and capital are both essential to production, and whatever paralyzes one paralyzes the other in the matter of effective production.

It is well that that truth should be kept in mind. It is this paralysis of fear, which has spread throughout the nations to-day, which more than anything else, as I have said, is responsible for the fact that we have not the extent of industrial development that we should otherwise have. Where there is faith and good will between nations you begin to get natural investments of capital and labour alike in industry; but until that condition is restored we shall have this problem of the unemployed with us.

My hon. friend the leader of the opposition, says it ought to be the business of the federal government to solve the labour problem. He chided me this evening with not having tasted hardship in my early days. I am not going into that sort of thing to-night. My love for the poor goes a good deal farther back than that. Since he has said what he has, however, I will give to the house to-night a passage that is dearer to my heart than any other. It is from the life of one of my ancestors who played in the history of this country a part that had a good deal to do with the well-being of the working classes. They are words he uttered when, as I am to-night, he was chided because of his interest in the poor and humble. This is what he said:

> Well may I love the poor. Greatly may I esteem the humble and the lonely, for poverty and adversity were my nurses and in youth were want and misery my familiar friends. Even now it yields a sweet satisfaction to my soul that I can claim kindred with the humble, obscure cotter of my ever-loved, ever-honoured Scotland.
>
> "Long may thy hardy sons of rustic toil
> Be blest with health and peace and sweet content."

If my hon. friend wishes to know where those words came from, in one of the addresses he read to-night, I have given him their source. They have been a real inspiration to me in all my public life and in all my work, and they will be until the day I die. I do not forget to-night, nor have I forgotten at any time in my public life, that my own mother was born when her father was in exile at a time when her parents had not the wherewithal to buy food sufficient to feed their own family. If I have taken some interest, and I have taken a little, in the welfare of the working classes; if I was inspired to try to help to build up a Department of Labour in this country in which I served first for eight years as deputy minister and subsequently as minister; if as Prime Minister I continue to be interested in the cause of labour and seek by legislation to effect what may be helpful to the great body of the working people, the hon. gentleman now knows the reason for it.

My hon. friend talks about my having written a book. He has read from a pamphlet containing some of my radio addresses. I am very glad that he read from it, because this house will have an opportunity now to contrast the kind of writing that appears in that book with the writing that appears in his own. My hon. friend has also written a book, "Life is an Adventure", and it, too, is bound in red. Red was once a colour familiar to him. What has he to say? I will read something from page 294 that he has written on the question of unemployment:

> The other three causes for that overwhelming defeat—

He is referring to the defeat of the Conservative party at the last election.

> —were: (a) world-wide depression with its accompanying unemployment and unrest.

Is not that what I have been speaking of to-night? That is the cause, unquestionably, but he gives other causes.

> (b) the absolute lack of any organization or publicity bureau until it was too late.
> (c) the so-called Reconstruction party—

He has had a good deal to say to-night about the abolition of third parties. He is very proud of his association at the moment. But listen to this:

> (c) The so-called Reconstruction party leader's frank attempt to wreck the party and friends with whom he had been associated for a quarter of a century in the egotistical expectation that he would be at least the leader of the opposition with its emoluments of office.

I will not say that, in the passage I have just read, you have the measure of my hon. friend's colleague the former leader of the Reconstruction party, whom he has now at his side, but I will say that you have the measure of my hon. friend the Leader of the Opposition.

Now let me return to some of the figures with regard to unemployment. My hon. friend this afternoon sought to have it appear that there was no such thing as a board of registration. He said that we had this commission on employment, but that it had done nothing. Well, I tried to excuse him a little earlier by saying that he had been out of the house in the last three years and that there were therefore some things that he was not aware of. One of them was the fact that the employment commission did start a system of registration, the first of its kind we have had, of registering those who are on relief. The statistical bureau has kept a record of those employed, but the first records kept of

those who are in receipt of relief have been the records made under the national registration system which has been carried out as a result of the work of that commission. The system of registration has been in force for two years, and that is why the two years were taken in the comparison made in the speech from the throne:

> At the beginning of the present winter the number of those receiving such public assistance was almost forty per cent less than two years ago.

I have in my hand the figures on which that computation was based and they are from the national registration given to the Department of Labour. It includes only persons assisted from federal grants in aid, excluding persons employed on works. This is a comparison of the numbers on aid in September and October in 1936 and 1938, showing the percentage changes to 1938:

	September 1936	September 1938	Percentage change 1938 from 1936
Urban	707,293	444,292	—37·2
Agriculture . .	248,327	108,819	—56·2
Total	955,620	553,111	—42·1

That is over 40 per cent.

Mr. MANION: May I ask my right hon. friend if he considers September the beginning of the winter? In the speech from the throne he uses those words.

Mr. MACKENZIE KING: No; my hon. friend said this afternoon that he regarded the month of November as the beginning of winter. When the speech from the throne was prepared the figures used were the latest figures the government had; they were the figures for September and October. I have given the figures for September, and I shall now give them for October. The result as put in the speech from the throne was obtained by combining the two sets of figures and dividing by two, which I think was a fair basis.

	October 1936	October 1938	Percentage change, 1938 from 1936
Urban..	729,527	473,812	—35·1
Agriculture . .	279,269	185,461	—33·6
Total	1,008,796	659,273	—34·6

Taking the September and October figures together, they make a total of —38·3, that is within $1\frac{2}{3}$ of 40 per cent. The speech from the throne says "almost 40 per cent."

Mr. MANION: I do not quarrel with the figures the right hon. gentleman gives, but I made it clear this afternoon that I used the November figures.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: My hon. friend is quite right, and I hasten to say that when the November figures were prepared they did show that there were more receiving relief in November than at the first of November. The moment the November figures were prepared the Minister of Labour gave them to the press so that they would be available to this house and the country before the debate on the address took place. But the figures I have given this afternoon were the only figures and the latest figures the government had at the time the speech from the throne was prepared.

But I question very much whether we shall get far towards a solution of this problem if we spend our time on statistics, and fail altogether to get the larger view which it is necessary to take on a question of this importance. The leader of the opposition has admitted that technically and legally it is correct to say that the problem of unemployment is a local problem, a provincial problem and a dominion problem; that under our constitution there is a division of powers which assigns certain responsibilities to the provinces and others to the dominion, and, under the provinces, certain responsibilities and powers are given to the municipalities. As a consequence of that division of powers the problem of unemployment arises to-day from conditions in municipalities which municipalities alone can control, which this government cannot control. As long as the division of powers remains as it is, this government cannot control those situations over which the municipalities have control under the provinces. Similarly, when we come to the provinces, this government cannot control a situation that arises in the provinces in consequence of their powers as set forth in the constitution of this country, by which we are governed. All that we can possibly control are those matters which come under our powers under the provisions of the British North America Act.

We have realized that we have not sufficient power to cope with the problem. We tried as a first step to get more in the way of power by seeking to get the British North America Act amended so that this dominion government could introduce an unemployment insurance act. We have no power to compel this parliament to act as we wish in the matter of an amendment or to compel the British parliament to amend the British North America Act. We have to get that power by persuading the provinces, or enabling them to see, that it is in their interest as well as ours, that it is in the national interest, to see that that power and right is given to the federal government. Some years ago when my hon. friend

the leader of the Cooperative Commonwealth Federation party (Mr. Woodsworth) was speaking of unemployment insurance and when I also was speaking on the same subject, an effort might then have been successfully made to get the British North America Act amended had hon. gentlemen opposite accepted our advice and sought amendment at that time. Whether they could have succeeded or not I cannot say, but it would have been much easier than it is to-day or has been in the last couple of years. What is the reason for the present opposition in some quarters? The reason is that an effort was made by the administration of which the present leader of the opposition was a member to force through this House of Commons a series of measures which this parliament had no authority whatever to enact, with the result that when the provinces saw that the dominion was seeking to take to itself powers to do certain things which they regarded as within their control, they began to be suspicious of the federal government, and the consequence has been that ever since it has been much more difficult to get the provinces—or some of them—to see where, in their own interest as well as in the interest of this nation as a whole, it would be well to allow this government to assume certain obligations. In seeking to get an amendment to the British North America Act which would enable us to introduce a national unemployment insurance scheme we were not asking the provinces to increase their burdens; we were proposing to take that whole burden upon ourselves. This government was asking that the dominion parliament should have that power, and made clear that the government itself would be prepared to raise the taxation necessary to that end, thereby relieving the provinces of part of the burden they already had.

I ask hon. members, What would be the effect of a course such as my hon. friend has suggested to-night, namely this federal government undertaking as its sole obligation to solve the unemployment problem? What would be the effect on the provinces, with the constitution remaining as it is to-day, if that theory were admitted for one moment? What authority has to do with the control of the whole question of employer and employee, of master and servant? What authority has to do with the regulation of hours and conditions of employment in mines? What authority has to do with workshops, with factories? What authority alone has any power with respect to wages and hours of labour? Only the provincial authorities. And as long as the provincial authorities have the control of these matters which are all-important in dealing with the question of employment, they must necessarily have some responsibility for the solution of unemployment. Imagine the situation in certain of our provinces to-morrow if a government were in power here which had come to power on the declaration that it was going to assume all the burden of dealing with unemployment and had assumed that obligation as its own? Imagine what some of our provinces would do with respect to many matters that were causing them trouble or embarrassment. I can think of one or two provincial governments in this country which, having no responsibility for the unemployed, would soon enact some very curious legislation. We should soon as a consequence have hundreds of thousands instead of thousands out of employment. They could do it very readily. The one check to-day on extremely foolish legislation is that it would almost certainly result in that very thing, throwing half a province out of employment. Relieve other authorities altogether of any responsibility in dealing with the question of unemployment, and under the circumstances of to-day instead of making things better they would be made infinitely worse.

How has this government sought to proceed with the matter, realizing that the constitution as it exists to-day places impediments and handicaps not only upon the federal authority's action but upon the provincial authorities and the municipalities as well, and this because our constitution was not framed to meet times and conditions such as we have been going through for the last ten years, nor was it framed for a country of the character Canada has become to-day. When our constitution was framed it did not look to the central authority assuming any of the social obligations to which we attach so much importance; they were not thought of at all. The matters which were left to the central authority can be seen in the act, and matters concerning social services as will be seen were left to the several provinces. Now we have come to the time when the provinces cannot, from their own revenues, carry on the social services they would like to carry on. In some cases they are going deeper and deeper into debt simply because they are trying to meet certain social obligations while they have not, as they claim, the sources of revenue which they need for that particular purpose. We sought, as a necessary first step in disclosing conditions as they have become, with a view to securing necessary adjustments or amendments, to deal with that question by appointing a royal commission to investigate the relations between the provinces and the dominion in regard to financial matters, those matters relating to the very questions we are discuss-

ing to-day. We believe that only as there is exact information to be placed before this House of Commons and before the legislatures of the different provinces with regard to conditions as they have become will there ever be a basis for the working out of a solution of the problem of unemployment, the constitutional question and other matters therein involved.

That commission was appointed a year or two ago. It met with a very serious loss in the regrettable retirement of the chief justice of Ontario, its first chairman, but the members composing that commission are all able men, and they have enlisted the services of many of the best minds of this country in helping to gather information and data and appraise its true value. Their report will be placed on the table of this house, according to what I am told by the chairman, within the course of another couple of months. When that report is submitted it will give to this parliament, to the legislatures and to the press of this country exact information of a character which will enable discussion to take place between parties interested in this question, which we believe will be effective in bringing them more into harmony with each other on adjustments and amendments which require to be made.

It has been said repeatedly back and forth throughout this country that the purpose of the commission was to say what is to be done and that we were leaving it to a commission to settle the whole matter. That is not the purpose of the commission at all. The commission has the authority to make recommendations, but this parliament alone can bring about any amendment of the British North America Act, and it will require with respect to some matters the consent of at least some of the provinces, in regard to some, possibly all. If we are to get the act amended it would seem we must bring about some kind of conference between representative men in the provinces and representative men in this parliament. I believe such a conference can be brought about and that it can be both successful and helpful, because I think the experience of the last couple of years has made it plain to all citizens of this country that there must be a getting together of representative men from all parts of Canada and, as a result of conferences between them, agreement reached on some very necessary amendments to the British North America Act which will meet with the acceptance of the provinces and the dominion.

That is what is meant in the reference in the speech from the throne to a national conference. It is not a national conference to tell the government what it ought to do or should not do. It is a conference to give this country the fruits of discussion, between representative men, based upon information that is absolutely essential and reliable, and which would enable those interested to work out intelligently the amendments to the British North America Act which sooner or later must be worked out if we are to have a solution of more than one of our present day problems. An all-important matter of the kind cannot be carried out in a day or over night. I believe this government showed foresight and wisdom in appointing, as long ago as a year and a half, a commission to undertake the work of getting the information available for those who might require it. In the meantime we have made it perfectly clear, as it is also made clear in the speech from the throne, that we do not intend to wait for the report of any commission to assume obligations in regard to doing our part in the solution of the problem of unemployment, but that we are prepared to go further than we have gone in the past in cooperating with the provinces of this country in order to make still more of a contribution to a solution of this very difficult problem.

There was one part of the speech from the throne to which my hon. friend scarcely alluded at all. I was not surprised at that, but it is a part which I hope hon. members will read very carefully. I refer to the record therein contained of what this government has done towards helping solve the question of unemployment. I am surprised that members of this parliament, I care not to what particular party they may belong, should seek continually to persuade the people of this country that this parliament has not been doing what it should for unemployment, or that the unemployment question is what it is to-day because of some lack of effort here at Ottawa. Hon. members of this house are responsible for what is done with the public funds of this country raised by federal taxation. Instead of belittling what has been done, why do they not point out to the people of Canada what has been done by the parliament to which they belong and by the government at Ottawa, since this government operates by virtue of the power given it by this parliament? Why do they not take upon themselves to show the people that session after session this government has passed measures to assist in the relief of unemployment; that year in and year out it has been giving more and more and more in the way of public funds to the provinces to help them in working out their share of the solution?

What is happening? We are taking money out of the federal treasury in millions of dollars and giving it to the provinces to help meet the cost of relief there. But instead of the federal government getting any credit at all for that, the people are told that all this has come from the provincial governments themselves. That is the situation. If federal members of parliament will be honest with themselves and with the people they will make a point of showing how under the British North America Act, as it is to-day, in order to solve this problem we must raise taxes federally and then hand over the money to some other authority, which has not been required to raise the funds at all, and allow that authority to spend the money. That is fundamentally wrong, and it is that circumstance as much as any other that is accountable for a good deal that is other than what we would wish it to be in Canada at the present time.

I am not going further into that question to-night because we shall be dealing with the whole question of unemployment at a later stage of the session. All I wanted to make clear this evening was that within the compass of our authority we are not only meeting all the obligations imposed upon us under the provisions of the British North America Act, and helping the provinces and municipalities as best we can, but we have been and are still trying to have this act amended in a way that will enable us to relieve both provinces and municipalities still further by assuming additional powers with regard to unemployment insurance, and we are taking steps which we hope will help us before very long to have the British North America Act still further amended in other ways which will be helpful alike to the municipalities, the provinces and the dominion.

I see that we are near the hour of adjournment. I shall therefore conclude with just one further word in reference to another remark which my hon. friend has seen fit to make to-night. The Leader of the Opposition has said that I have not been across this country since this parliament was returned and that I have not been in my own constituency since this government came into office. He is perfectly right in his latter statement. I stand here as representative of the constituency of Prince Albert. I have been returned election after election, and I still represent Prince Albert, which is more than my hon. friend can say with regard to the constituency of Fort William.

Mr. MANION: But no man in all Canada has been defeated as often as the right hon. gentleman.

Mr. MACKENZIE KING: May I say this in reply to what my hon. friend has said. Anyone who holds the office of Prime Minister in these days must view his duties not from the point of view of whether or not he is going to be returned to parliament at the next election. He must not be thinking only of his own seat in the House of Commons—or even, may I say, mainly of whether or not his own party is to be returned. He has to do his duty as he sees it, day by day, in the light of his conscience with the knowledge of world conditions as they exist.

After all, we can each of us give only so much of our time and energy to our work. If there is any hon. member in the house who will point out to me wherein I have wasted any day in my life since I have been Prime Minister, and wherein I have not performed my public duty I wish him to speak now or forever after hold his peace. I confess I am not in a position to travel back and forth across the country and be in Ottawa at the same time. I confess I have been greatly concerned with international affairs—much more than I wish had been necessary. I said to the House of Commons during the last session that I thought we were in perilous times, that we were coming dangerously near to a crisis in the world's history. I have spoken to members of my party in party caucus perhaps much more confidentially than I should care to speak to the public about how little, in comparison, some of this petty strife amounts to with respect to the large concerns which ought to occupy the minds of men and women these days. So far as I am concerned, each day I have to ask myself: What is the most important thing to do this day, with the time at my disposal?

I came here after the general election, and the most important thing seemed to be to get under way the negotiation of a trade agreement between Canada and the United States. I went at once to Washington—I did not go to my constituency or out to Vancouver or Victoria. I went to Washington, with the result that we got a trade agreement which has been in force for three years. We now have another agreement which will be in force for a great many more years. And I venture to add that but for that agreement there would not to-day be the agreement which exists between Great Britain and the United States.

The next year was a year in which the League of Nations was holding an important

meeting, a meeting at which the question of sanctions was to be discussed. But first let me say that I believe when parliament is in session the first duty of the Prime Minister is to parliament. I have not found it possible to be in the house every day of every week when parliament is in session, for the entire time of each sitting. I have tried to be here for the question and answer period, following the practice of the prime ministers in England. But I have not stayed in the House of Commons all afternoons and listened to all debates because there are many matters which have to be considered by the Prime Minister which cannot be taken up unless he has the time to do it. And the only time which presents itself is such time as he can make for himself while other business is proceeding. I have kept an eye on the business of the house and have tried to see all the members I could, and I have tried to get through all the work I could which was most pressing.

In the year I have mentioned there was the question of attending the League of Nations. I felt it was my duty to attend at that critical time; it was after the Abysinian episode. Events even then were shaping towards the state of affairs which have come about recently. I went to the league assembly and placed frankly before the different countries Canada's point of view. I think what was said at that time was more important to the constituency of Prince Albert or to Victoria or Vancouver or Halifax, or to any other constituency in Canada than anything I could have done by way of travelling and speaking across the country. We have far too much travel and talk these days on the part of many people—far too much of it, and from too many sources. The difficulty to-day is to get time quietly to think about the great problems which confront this and other countries.

The next year it was my duty after a parliamentary session to attend the coronation of their majesties in Great Britain. I may be wrong, but had I not attended the coronation I question very much if their majesties would be visiting Canada this summer. I believe I am right in making that assumption. I should be sorry if the visit of their majesties in Canada will not mean much more to the people of the dominion than anything I could be saying in any part of the country. At the time of the coronation there was also an imperial conference which it was my duty and which I had the honour to attend, and in the proceedings of which I participated as completely as possible, again with more advantage, I believe, to Canada than had I been travelling about and speaking in different constituencies.

It is quite true that this year I did not get away to the west, including my constituency, as I had hoped I might be able to do. It was a bitter disappointment to me. But it was no fault of my own—yes, it was a fault of my own. I was confined to my bed for a month during the summer, from what?—the effects of exhaustion, fatigue, nothing but that, seeking, though confined in that manner, to do the best I could with respect to many matters which were before me, and from having had on my mind for the last year or two what I dreaded above everything else, namely the possible developments which would involve this and other countries in a war. I ask this house to-night: Was I right or wrong in believing that the nations were nearing a stage where another world war was about to take place? I say to hon. members I have a two-fold duty. I am holding not merely the office of Prime Minister, but also that of Secretary of State for External Affairs, which is equivalent to that of a foreign minister. In the nature of things a foreign minister and Prime Minister must give his attention to matters which are of greatest importance to the world. I wish that shadow had passed. I wish all of us in the house to-night could feel secure as to what may take place in the course of this very year. May I add this: If he is going to deal intelligently, carefully and thoughtfully with the problems facing the world and Canada to-day, in relation to what may take place in the next few months or before this year is out, the Prime Minister of Canada cannot be going back and forth across the country making political speeches and making personal appearances before local audiences. He has this House of Commons to speak in. What better forum is there in the world? He has the radio to speak over. Is it not much better to give a few nation-wide addresses in carefully chosen words than to be giving the kind of oration to which we have listened this afternoon and tonight?

Let me say only this in conclusion: The position of the leader of a government in Canada to-day is not unlike that of the captain of a ship when the ship is in a storm. The captain of the ship must not be spending his time wandering among the passengers on the decks; his place is at the helm. Mr. Speaker, I intend to remain at the helm of this ship of state just so long as I have the confidence

of the people of Canada and have the strength to perform the duties of my office. But if I have to gain that confidence by going back and forth across the country, making speeches here and there, and by seeking to cater to local tastes and prejudices, I do not wish to occupy office for a day. So long as God gives me strength to do my duty I shall seek to serve this country as best I can, according to the best light my conscience may give me.

On motion of Mr. Blackmore the debate was adjourned.

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

Tuesday, January 17, 1939

The house met at three o'clock.

UNEMPLOYMENT

DISCHARGE OF MEN FROM CULTUS LAKE, B.C. FORESTRY CAMP

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Has the Minister of Labour (Mr. Rogers) received reports on the situation of Cultus Lake forestry project camp in British Columbia? If so, are any steps contemplated to prevent undue hardship if any number of single unemployed transients are now compelled to accept transportation to points in eastern Canada?

Hon. NORMAN McL. ROGERS (Minister of Labour): The hon. member gave me notice of the question. I have received a report with respect to the matter to which he has referred. Disciplinary action was taken in this forestry camp against two men who had broken regulations. As a result of that disciplinary action forty-seven men went on strike. They were subsequently discharged from the camp and offered transportation to their homes. No steps have been taken or will be taken to cause unnecessary hardship to anybody.

RADIO BROADCASTING

REFUSAL OF BROADCASTING PRIVILEGES TO PUBLISHER OF TORONTO GLOBE AND MAIL—REQUEST FOR TABLING OF CORRESPONDENCE

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): In the absence of the Prime Minister (Mr. Mackenzie King) I desire to direct a question to the Minister of Transport (Mr. Howe) with reference to the incident of the Canadian Broadcasting Corporation and Mr. George McCullagh. Has all the correspondence been tabled? The Prime Minister yesterday tabled Mr. Murray's reply and I think it is only fair that the whole of the correspondence should be brought down. I can see no objection to this being done, and it would suit the convenience of hon. members who would like to look into the matter.

Hon. C. D. HOWE (Minister of Transport): I will table all the correspondence I have and, I will also make sure that there is no more in the possession of the broadcasting corporation.

BREN MACHINE GUN CONTRACT

TABLING OF EVIDENCE AND ARGUMENT HEARD BEFORE COMMISSION OF INQUIRY

On the orders of the day:

Right Hon. ERNEST LAPOINTE (Minister of Justice): In the absence of the Prime Minister I desire to lay on the table the documents asked for by the hon. member for Vancouver North (Mr. MacNeil) in connection with the Bren machine gun inquiry.

HOUSE OF COMMONS

RIGHT OF MEMBERS TO SECURE INFORMATION FROM DEPARTMENTS AND PROCEDURE RELATING THERETO

On the orders of the day:

Hon. H. H. STEVENS (Kootenay East): May I ask a question of the right hon. gentleman who for the moment is leading the government? In view of the uncertainty of some of the figures and data used in the debate yesterday, is it permissible for members of the House of Commons to ask the various departments for information in order to be assured of the accuracy of that information, or to what extent is a limitation placed upon giving to hon. members information which they may desire?

Hon. NORMAN McL. ROGERS (Minister of Labour): Perhaps I might be allowed to answer the question. The question, I take it, relates to the figures with regard to unemployment or more particularly the unemployed on relief. If I may say so, the figures given by the leader of the opposition (Mr. Manion)

with respect to unemployment in Canada are from the bureau of statistics and they do not pretend to be a registration. They are, I believe, accurately described as an estimate based upon various indices of unemployment in different parts of Canada. So far as the unemployed on relief are concerned, we have had for the past two years a national registration and each month a summary of the registration is released to the press. I believe that for some months past a copy has gone to the leader of the opposition. Certainly the desire of the Department of Labour is that the figures of registration, which are the most accurate we have, should be made available at all times. There is, of course, in the publication of these figures, a time lag sometimes of two months. For instance, the figures for October cover the entire month of October up to the first of November and they might not be available until the middle of January, let us say. But these figures are the most accurate that we have and they are available to all members of this house.

Mr. STEVENS: That is not my question. I was not referring to any particular department. The Prime Minister is now in his seat, perhaps I might put the question again. It concerns the extent of the right of members of the House of Commons to secure access to accurate information. My question was: What rights have members in the matter of requesting information from departments where they know it to be, and what limitation is placed upon officers of the government in giving information to members?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I understand that the procedure in respect to information which is not available in public documents is that any hon. member may ask for it by way of resolution. I think that answers the main point of my hon. friend's question. Certainly as far as the government is concerned, in supplying information the wish would be to give to hon. members at any time the fullest information that it is possible to let them have. There are of course documents that are confidential, and they must be so treated. But with regard to general information I see no reason why any hon. member should not inquire of the minister of any department with respect to any data that he may wish to have. But there is always the method of proceeding by resolution with respect to information that is not available in public documents.

Mr. STEVENS: One question further. Am I to gather from the Prime Minister's reply that it is not possible for a member of the House of Commons to go to a department where he knows certain public information is to be found, and discuss the matter with the deputy or any other officer of the department who understands the matter and to whom he can explain what he desires to secure in the way of information?

Mr. MACKENZIE KING: My hon. friend knows as well as I do that under the system of responsible government a minister must be responsible for everything that relates to his department. I should think that the proper procedure in respect to what my hon. friend has just mentioned would be for the member wishing to get certain information from a department to go to the minister of the department and inform him of what he desires. The minister would then give instructions to those in his department to accord the facilities, or not to do so. If an hon. member were not treated with the courtesy with which he should be treated, the minister would be responsible. But I do not think it has ever been the practice, nor do I think the practice would be a right one, to have officials in departments interviewed by hon. members without the knowledge of the minister responsible, or be obliged to give out information without the minister being consulted in reference thereto.

EUROPEAN SITUATION

REQUEST FOR PUBLISHING OF CORRESPONDENCE RELATING TO CRISIS OF SEPTEMBER, 1938

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): I should like to ask a question of the Prime Minister. In view of the fact that yesterday, both in his speech and in mine, and perhaps in the speeches of other hon. members, the international situation of last September was referred to a number of times, would it not be wise to have, either laid on the table or published in some form, the correspondence, so far as it is not of a confidential nature, between this government and the British government relating thereto? After all, no one knows much about the situation except the government, and I am wondering whether the correspondence could be published—say in a white book, or a blue book, or even a red book, but published in some form for the information of the house.

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend knows, correspondence between governments, particularly where it relates to the possibility of war,

is necessarily highly confidential. To make it public would require the consent of the governments concerned. I shall be glad to communicate at once with the British government to ascertain to what extent, if at all, they think the correspondence which passed between the Secretary of State for Dominion Affairs and the Secretary of State for External Affairs in Canada should be made public, and I shall be glad to inform my hon. friend and the house of the result of the communication.

May I add that I am sure my hon. friend and the house will realize at once that the correspondence referred to contains many references to other countries as well as to Great Britain and Canada; and I believe it is the practice where other countries are referred to in confidential correspondence not to have any such correspondence produced. I make that statement at once so that the house will understand the limitations on the government.

Mr. MANION: I fully understand that, and I excluded confidential information when I put the question. I am speaking in entire good faith, but I do feel that in view of the references to the subject by the Prime Minister himself in his speech yesterday and the probability that the matter may again be discussed during the session, hon. members should be familiar with the situation. There are of course certain matters which should not be made public, but I accept the right hon. gentleman's assurance that so far as the correspondence can be brought down it will be made available to hon. members.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Monday, January 16, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, as I have moved about from place to place in Canada this year I find that the underlying thought expressed by men in the cities and in the country is this: "democracy is a failure. And the democracies supposed to be the greatest are the greatest failures." Now I submit, without committing myself either for or against that statement, that the prime task of this parliament is to see that democracy shall not be a failure, that it shall succeed.

Why do men feel that democracy in Canada has failed? The hon. leader of the opposition (Mr. Manion) yesterday gave some information, as reported on page 23 of *Hansard,* which I believe should be a challenge to every hon. member of this house. He said he found that Germany, Italy and Japan, taken all together, were only just a little greater in area than the province of Ontario, and that in those three countries there are cooped up, so to speak, 200,000,000 people, while in Ontario there are only 4,000,000 people. Now if the province of Ontario under the guidance of this government and the government at Toronto cannot support 4,000,000 people with a reasonable standard of well-being, while those distressed nations to which we have referred are struggling to keep 200,000,000 people, the evidence seems conclusive that something is radically wrong with the type of democracy we are trying to apply in this dominion.

As evidence of the extent to which we are succeeding in Ontario and in Canada, let me refer to a Canadian Press dispatch from Toronto dated January 11, containing the following statement of Hon. Mr. Cross, minister of public welfare for Ontario:

> Mr. Cross said he believed that unless there is a pronounced improvement in business conditions during the current year, Ontario's relief bill for 1939 will be well above the 1938 figure.
>
> He estimated that by the end of this month approximately 283,000 Ontario citizens will be receiving direct aid as against 253,430 during the same month last year. Expenditures during the fiscal year 1938-39, which ends March 31, are expected to exceed the 1937-38 year by at least $1,000,000.

The astonishing thing to me, Mr. Speaker, is that so many people who are placed in high positions in this country, who are reasonably well to do, seem not to find anything very seriously alarming in a situation of that sort, and seem not to feel that there is any particular responsibility resting upon them because those conditions exist. The truth, I think, is quite the opposite. The simple fact remains that when in a country as rich as Canada, with such a small population, conditions are so contemptibly and shamefully bad, the people will realize that certainly there must be something wrong somewhere.

Another bit of knowledge which fires a man's blood as soon as he acquires it, is conveyed by Harold Loeb in his book called The Chart of Plenty, published in 1935, concerning conditions in the United States. He points out that without any change whatever in the industrial equipment of the United States, that country could produce enough goods and services to supply every family in the country with $4,400 a year. Any person with a disposition to face things as they are naturally asks, "Well, why don't they do it?" That is common sense. Why don't they do it? Where is the fault?

There is an astonishing thing that hon. members will discover if they will just refer to their knowledge of geography. The hand that has guided the English-speaking people of this world has given them control over virtually all the valuable areas on this earth. There is hardly a section of the globe in which British people are settled that does not abound with wealth to a greater extent than the people, up to the present, have been able to use. Yet in every single state, and perhaps in Canada most of all, there exists this tragic suffering, this failure to register somehow or other and enable the people to use that wealth.

I do not wish to spend any time in recriminations; I believe we saw enough of that yesterday, and too much of it becomes a weariness to the flesh. I do wish to point out, however, that as I see it, as a representative of one considerable section of this country, about all the two old line parties ever do when they get into this house is argue over tariff and trade. If we say anything regarding trade, immediately some thoughtless enthusiast leaps to his feet with the idea that social credit people do not believe in trade, and a lot of kindred nonsense. It is dishonest to make any such statement. I will say, however, that if trade would solve the problems of this country and of the world, is it not high time we discovered how that can be done? After all the generations during which we have been struggling along in this country with respect to tariff and trade, to an ordinary person who tries to face realities it would seem that we should be somewhere near the right way of managing tariff and trade. And if, at the present time, there exists such violent disagreement between two sections of the Canadian people with regard to these two important matters, that again seems to indicate something radically wrong somewhere. Both these conditions, I maintain, tend to make the ordinary person in the street say, "Well, what is the use? What a contemptible, despairing mess it all is. It matters not whom we put in or what he tells us he will do when we put him in. We have the same old fare dished out to us from generation to generation."

What do Canadians want? If democracy is a government of the people for the people, it should give the people what they want. Everyone knows what they want. First of all this country wants plenty of jobs for everybody, and if jobs cannot be found for all our people something must be radically wrong. As soon as people get jobs they will want higher wages. Why? For the simple reason that when you are living in a country in which you can easily produce at least $3,000 worth of goods and services yearly for every person, or at least every family, it is disgusting in the extreme to think that men are working in Canada in such large numbers for less than $800 a year.

The next thing they want is equitable prices, and I think this applies to everybody. Last year the government did one commendable thing, among others. I am not disposed to criticize harshly or unreasonably, and I wish to commend the government for setting the 80 cent price for wheat. Probably they knew, as I knew, that 80 cents was not enough. There must be more money than that for a bushel of wheat or the farmers simply cannot carry on; and that statement is not the result of imagination. I should like to refer to a letter dated November 16, issued by the Searle Grain Company, to support what I have just said:

> The Searle index of the prices of Things Western Farmers Buy (147 items) now stands at 136·6, 1913-14 = 100, which means that these things cost farmers in the west at the present time 36·6 per cent more than they did before the war. The price of wheat—No. 1 Northern—as of November 15th, basis the open market price, is 38 per cent lower than it was in 1913-14, and basis the board price is 10 per cent lower. This means, therefore, that a bushel of wheat in western Canada has a purchasing power in relation to the Things Farmers Buy, on the open market, of 45 per cent in comparison with the purchasing power of 100 that it had before the war. Basis the board price its purchasing power is 66 per cent of what it was.

If one is disposed to be fair and has any business judgment at all it is only necessary to look at that statement to see immediately that the farmers are faced with an impossible situation. The government has given 80 cent wheat. Let us suppose that thereby twenty cents is lost to the government. That twenty cents has to be collected from somebody by means of taxes or must be borrowed from somebody, which means that the government will incur a debt. I do not think anyone in this dominion will fail to agree that this is an unsound condition. There should be some way of paying that twenty cents without taxing it out of somebody else, because if we can depend upon these figures with regard to Ontario it is abundantly clear that the people of this province cannot stand any more taxes, and no more can the people of Quebec. Then where is the money to come from? Yet not only does the farmer need a just price for wheat; he needs the same sort of consideration for oats, barley and rye, for all kinds of meat, for eggs, milk, cream, butter and wool. How are we going to give that to him? It must be done, or the farmer will simply go out of business and any province

which is made up largely of farmers will go out of business too. That is the thing which I believe a good many of us fail to notice. The provinces of western Canada, Alberta, Saskatchewan and Manitoba, whose citizens are largely employed in primary production, will simply find it utterly impossible to carry on unless something is done to adjust that inequality. So that whether you are talking about agricultural machinery or shoes, the products of the farmers or the fishermen, you must have equitable prices. Therefore I say the third thing Canadians want right now is equitable prices, and if this government cannot give equitable prices, then it cannot govern the people. That is abundantly clear.

We need an increase of purchasing power all the way round; there need be no comment on that. We need more and better markets, not only externally but internally. We need reduced taxation and reduced debt. How are these changes to be effected? I ask in all simplicity and honesty: did any hon. member notice in anything said yesterday by either of the leaders of the two main parties any inkling or even a suspicion of a suggestion of any way in which these improvements can be brought about? I did not, and I think every hon. member who followed the debate carefully, as no doubt all hon. members did, will agree that nothing was said along those lines.

I now turn to the speech from the throne, although I have not time to consider the whole thing with care. I am glad I have not. There is this one part of it which vitally concerns all of us:

> My ministers recognize that the plight of those who are still unemployed canot await necessary constitutional amendments, nor the summoning of any conference. They are prepared therefore, notwithstanding constitutional impediments to effectual action, to join with the provinces in a further determined effort to meet the immediate situation.

What is that determined effort going to be? One idea which seems to be spreading throughout the country, especially in the west—and I do not know whether or not the government is to blame for it—is that as a result of little remarks such as those to which I shall refer in a few minutes the government is attempting to create among people the idea that something has got to happen to the British North America Act, is attempting to get the people into a state of mind favourable to changing it, and, that in the course of that change they will steal away from the provinces some of the powers they now have. If that idea exists, do not blame me. I merely tell the house the idea that is developing—and there can be no doubt about it.

Hon. members will notice at least three places in the speech from the throne where there is a sort of whine, if I may use that word—probably I should say "complaint"—about constitutional difficulties in the way of the government doing its duty towards the people. For instance we find this:

> Having regard to the existing division of powers and obligations under the British North America Act, responsibility for unemployment and the solution of its problems is necessarily divided. There has been an increasing assumption of obligations on the part of the federal government.

It is well that there has been. But that is just one hint; here is another:

> The intensification of the problem has set forth in bold relief the obstacles which the existing division of constitutional authority places in the way of a solution.

Altogether the paragraphs I have read constitute three attempts to impress upon the people of Canada the idea that the government cannot do what it wants to do unless the British North America Act is changed.

It would be interesting to spend a few moments in a discussion of certain passages of the Prime Minister's speech delivered last night in which I believe he indicated the kind of change he thought ought to be effected. May I say that so far as my native province is concerned, and I believe so far as all the provinces with which I am familiar are concerned, they certainly are not prepared to grant those changes. Whether or not the Prime Minister meant those expressions as I have interpreted them, I do not know. However, we will talk about that matter later, and shall not take further time in the discussion of it to-day. Is the government trying to filch from the provinces some of their provincial rights? Are the provinces too powerful? That is the question being asked by men throughout the country.

Then, in the speech from the throne there are references to proposed expenditures which, apparently, indicate another thing the government is going to do in order to make their determined effort. At page 3 of *Hansard* we find reference to the home improvement plan, the National Housing Act, and the Municipal Improvements Assistance Act. Aid has been given to the mining industry by subventions, and there is reference to federal public works, the construction of highways, land settlement, special projects for farm employment, forest conservation, and grants in aid to the provinces to assist in

the care of those suffering from unemployment and agricultural distress. Then on the next page we find reference to a long-range program of public undertakings. It is proposed to undertake, with provincial cooperation, to provide assistance to municipalities. It is stated that the assistance given to forest conservation will be extended to include other work of national importance. The youth training program is to be extended to increase its efficiency. In addition to that we are to have a development of the wheat board's activities, and a further development of prairie farm rehabilitation.

Every one of those things is good; there can be no debate about that. Everyone must realize the wisdom of these proposals; but the question is, where will the money come from? Is it to come from taxation? If so, who is to be taxed, and by what means? Is it to come from borrowing, and, if so, who is to pay it back? When we find the burden of taxation now resting upon us so utterly insupportable, how are our children to survive under the burden of taxation which will be thrust upon them by us? Is the money to be raised by tariffs—only another form of taxation? According to the tenets of orthodox finance the money must be raised in one of those several ways. That fact alone so completely limits the extent of the possible efforts that they will be simply not adequate to meet the situation.

There is a tendency for the leaders of the two parties to promise practically everything under the sun; in fact they will promise the sun, the moon, the fixed stars, and paradise and the millennium into the bargain. But they never take the trouble to tell the people how they are going to pay for it. The people vote them into office because they tell what they are going to try to do. I do not wish to be critical, but on several occasions I have noticed statements purporting to have come from the leader of the opposition (Mr. Manion) in which he has told the people what he is going to do. He will put everybody to work, and all sorts of things. What is the sense of telling people what you are going to do before you tell them where you are going to get the money with which to do it?

I fail to find in the words of either of the leaders who spoke yesterday any indication as to where they can get any more money. If I remember correctly, the leader of the opposition said there must be a basic change, but he did not indicate along what lines that basic change was to come. Where is this basic change? Ever since the right hon. gentleman who preceded the present leader of the opposition, in his famous first radio broadcast in 1935 said, "The old order is gone; it will not return; you are living among conditions which are new and strange to you" the people have been wondering what the new order is. They are still looking for it.

One word from the leader of either of those parties would comfort us tremendously, because we would see some hope. Does this government know what to do? That is the first question. If it knows what to do, does it lack courage?

Mr. MacNICOL: It lacks everything.

Mr. BLACKMORE: If the government does know what to do and it has the courage to do it, has it the power? If there is some power controlling the activities of the sovereign people of Canada, if there is some power that prevents this government from doing what the people sent it here to do, then we should know what that power is. If there is no such power, then we are entitled to demand of this government to the fullest degree.

What is the fundamental change? I shall use an illustration which I hope hon. members will pardon, since it is rather crude. The present government, as it were, is trying to put out a great conflagration with streams of coal oil. All they argue about is how large the stream of coal oil should be, or whether it should be played on the top, on the bottom, or on the middle of the fire. They argue whether we should have three, four or five fire engines. The question whether the coal oil will put out the fire never seems to enter their minds.

Of what are the flames of this fire composed? They are made up of discontent, of bitterness, of hostility caused by misery and poverty and resentment. The people see that they could have good things, but for some unaccountable reason these are denied them. The result is that bitterness is rising, not only in our own country but in far countries. If you want to find the cause of war, I think it will be found right in that neighbourhood.

What are the causes of poverty? There are four. The first is debt; the second is taxation; the third is our faulty financial system—faulty either in its essential aspects or in the manner in which it is applied; and the fourth is our faulty method of distribution. Both our faulty financial system and our method of distribution are completely outmoded. They ought to have been put on the scrap heap a generation ago.

Frankly, we must have some money. The problem for this house to solve is where we are

going to get that money. Is there any other way of getting it than the three ways which have been mentioned? Every proposal of the government and every desire of every Canadian requires more money. That money should be provided without increased debt and without added taxation. Trade helps. Of course trade is good, but it is not good enough.

In our economic system, money can be likened to water in an irrigation system. There are people throughout this country who because of their dishonesty or ignorance are contending that the social credit people say that money is the only solution. Nothing of the kind. You might as well say that water is the only thing in an irrigation system. You could have no irrigation system without water. In the economic life of a country money is as water in an irrigation system. Water is not everything in such a system, but it is indispensable. You may spend considerable money on elaborate ditches, laterals, head-gates and the like, but what good will they be without water? So it is of industry without money.

Money consists of currency and credit. Social credit maintains that currency should be state created. There are a good many who smile when that statement is made. Those who say that it cannot be done will have their attention arrested if they turn to the report of the royal commission on banking and currency in Canada, published in 1933. On page 22, paragraph 47 of that report they will find these words:

> In the war session of August, 1914, parliament raised the partially covered issue of $50,000,000. Subsequently an issue of $16,000,000 was made against a deposit of railway securities guaranteed by the dominion government, as well as an uncovered issue of $10,000,000 for governmental purposes.

Twenty-six millions were created—there is no laughing that off. They did not cause inflation, although there was no gold behind them. The new money did not cause a rise in prices. It was sound money. If you had $1,000,000 of that money to-day it would buy $1,000,000 worth of any commodity in the Dominion of Canada, and perhaps anywhere on the face of the earth. That was good money. But the government created it. Some men will say, "Oh, you cannot trust the government with the creation of money." The government handled that money, did it not? It stopped at $26,000,000. Why did it stop there?

Now if the government could create $26,000,000, will any man who knows tell me that they could not have created $27,000,000? That is an important consideration.

Apparently here is what we are doing. We have turned over the power to create money, the power to create almost a limitless supply of water, to use the irrigation illustration, to the Bank of Canada. Every dollar we get, we have to borrow. Will anyone tell me how we are any better off than we would be if the Bank of Canada was owned by the greatest financier in the world? If this is to be the case, if this is the way we propose to handle the Bank of Canada, if this is the way we are to get money from the Bank of Canada, then for the last ten or fifteen years the people of Canada have been deceived by one of the greatest hoaxes in the history of the dominion The man on the street had the idea that when the dominion got control of the Bank of Canada, it would have control over the money created by that bank. We have given away the power to create money. The question now is: can we get it back? The question is: will we get it back?

There is the currency. How much could Canada in 1916 have created? Might it have been $200,000,000? I asked an eminent banker in my neighbourhood a series of questions about this matter. I asked him if it could have been $30,000,000, and he said, "I believe it could." I asked if it could have been $35,000,000, and he replied, "I believe it could." "Forty-six million"? "Yes." Then I asked him if it could have been $50,000,000, and he replied, "There is a place where you have to stop." I asked him to tell me where that place was, but he did not know.

We have never taken the pains to teach our members of parliament, the heads of our banks or anyone else in this dominion upon what the amount of money that a nation can create depends. The result is that we are all helpless. We are just as helpless as our ancestors of three hundred years ago would be if they were placed in a modern power plant. They would not dare to move for fear that they would touch the wrong button and blow themselves up. That is the position in which we find ourselves with respect to our monetary system. We just do not know.

We now come to the matter of credit. Where can we get credit for money? If hon. members will turn to the findings of the Macmillan committee on finance and industry, they will find where credit can come from. The first fifteen or sixteen lines on page 34 of that report are quite enlightening, but I shall not take the time to read them. Next let us turn to a passage which was read into Hansard last year; it will be found in a book entitled The Canadian Banking System, published in 1938 by James Holladay, Ph.D., professor of economics at the university of Alabama.

He tells us that to-day the Canadian banking systems can take one dollar of gold and by the time they are finished with it it has grown into four one dollar bills and $80 of credit. That is how money grows in Canada to-day. If banks can thus create money, why not do it for the government? That is the point. Why should we have to borrow the money when it is so easily produced? Of course I know the answers which are commonly given, that bank money has to be backed, and all this. We will grant that that is true. But there is a way of managing these matters for the public good, that is for the people's good. The question is have we the courage; have we the vision?

How much money can we have in the Dominion of Canada? A little experiment was conducted by the island of Guernsey between 1815 and 1829. The island of Guernsey through its government created three thousand one-pound notes, and with that money constructed a market house. They proposed to tax the one-pound notes back again by means of a yearly rental of three hundred pounds, and thus have all the money back within ten years. Long before they had the money all withdrawn they discovered that the economic conditions within that island had greatly improved, with no apparently disadvantageous results, so they issued more, and they continued to issue more—as hon. members may read in the book to which I will refer in a minute—until in 1829 they had in circulation 48,183 one-pound notes, and apparently there was no inflation, and there was no ill effect. The experience there is a challenge to men to-day. It occurred; it is of record. You will read of it in the Story of Money, by Sir Norman Angell, published in 1929, between pages 266 and 271; and on page 271 you will find a statement of Sir Norman Angell, that great monetary authority, that the Guernsey island experiment was a success.

How big was this island of Guernsey? What was there about Guernsey island which enabled it to support such a tremendous amount of money? Guernsey island is a little piece of country roughly triangular in shape—you will find this in the Encyclopaedia Britannica—nine and a quarter miles long at its greatest length, five and a quarter miles wide at its greatest width. What are its industries? Has it gold mines or something else to give its money backing? No, it has not. It is engaged in gardening; it is engaged also in dairying, using the famous Guernsey island cow; it probably had at that time a stone quarry, as well as several minor industries which we would consider of hardly any importance at all. If an island nine and a quarter miles long and five and a quarter miles wide, not more than twenty-four square miles in area, could support that amount of money, how much could a province like Ontario support?

"Oh, but", people will say, "it will cause inflation." Well, what is inflation? I think there is no word used by the English people to-day which is as little understood as the word "inflation". Last year the Minister of Finance (Mr. Dunning) after I gave a talk on March 8 rose and spent a considerable amount of time talking about the proposal of the hon. member for Rosthern (Mr. Tucker) that a certain number of Canadian bills should be created and used for public works. The minister pointed out that if bills were created and so used they would get into the hands of the banks and the banks would be able to multiply them ten times, and that would cause inflation. I am not going to say very much about it, but I will raise this question. Take any bank of which hon. members know; would you be able to increase the amount of money it would lend merely by putting twice as much money in it? Not by any means. The banks to-day have loaned all the money they will loan. As far as their present loans are concerned it would not matter if they had fifty times as much money. All one needs is that one fact to be able to say that the Minister of Finance might possibly have thought the thing through a little more carefully.

I am going to read a statement which will probably impress hon. members. This struggle about money is going on all over the Anglo-Saxon world, and it is high time that it should. We have been enslaved long enough. This quotation comes from Senator Owen's testimony before a special committee of the United States Senate, on June 9, 1937. His words are as follows:

> Inflation does not occur until maximum employment and production is achieved.

In other words you cannot have inflation as long as you have unemployed men and unemployed resources. You see what a widely different interpretation that puts upon inflation from anything which has been used in this house by, at any rate, members of the government.

I have not time to deduce other evidence backing this up, but there is plenty of it. The testimony continues:

> If it should occur, the volume of money could be immediately reduced by selling bonds, by sales tax and other taxes, and retiring such excess money from circulation.

The whole of the evidence before that committee is of great value.

I contend that there is simply no solution under the sun to be found except by using a monetary technique. I am not contending that money will solve it all, but you can go no further to-day until you do attack your monetary problem. People will say, "You will cause the exchanges to be set against you." Just a word concerning the exchanges. They are set against you because you are buying more goods than you are selling, making it so that there is a greater demand for foreign dollars than for yours. You will overcome a condition like that first by having plenty of production of all kinds, for the more honey you produce in your country, for example, the less you will import from the United States; the more sugar you produce in your country the less you will buy from the United States, and the more coal you produce and use in your country the less you will bring in from the United States. All these things will help your exchange situation. The prime task for you is to see that you are producing all you need of as many products as you can produce. That is the first point.

The second question is, are your prices down low enough so that the other man will come and buy? You can reduce those prices, as apparently Japan has reduced her prices, by using the power to create credit, as I have already explained with respect to wheat. If you set the price of wheat at a given price, created national money and paid the difference, how far could you go with the process? You could go far enough to put your wheat on any market in the world. There is the answer to the contention that new money would cause an adverse exchange.

Mr. SPEAKER: Order. I do not wish to interrupt the hon. member, but he has exhausted his time.

Mr. BLACKMORE: May I just finish the sentence? Now, Mr. Speaker, I have laid before you a solution. It is a possibility. It is a way by which the problem can be worked out.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, private members have some advantages in living outside the capital for six or seven months in the year. Perhaps they come to realize that Ottawa is not Canada. The opening ceremonies are very far from being representative of the life of Canada. In my judgment there is altogether too much gold braid and too many social functions in evidence. I have sometimes played with the fancy that it might be good if parliament should be held in a different part of Canada each year,—among the lumbermen of British Columbia, or the farmers of the prairies, or the miners of northern Ontario, or the steel workers and coal miners of Cape Breton. I suppose that is not practicable, but I fancy it would help to give the cabinet ministers and the large mass of civil servants rather a different idea of what Canada really is.

Mr. FINN: What about the fishermen?

Mr. WOODSWORTH: The fishermen I gladly include, and I intend to speak of them later. Here in Ottawa we are apt to become too comfortable and we are also apt to adopt a false set of values. In fact, I am afraid Canada is becoming top-heavy. As I come back to the capital I notice that work is being started on the new building for the Supreme Court of Canada. It is said that it will cost two and a half millions. We can discuss it in the estimates, but I could not help contrasting that with a letter that I received not long ago from a woman in Saskatchewan. It is written on sheets torn from a school exercise book, the only paper she had. She says:

> I am a teacher, a married woman, a mother and housekeeper all in one. I took over the home school a year ago March at a cash salary of $18. Immediately the relief agent cut me off relief. We had no crop, not even a green spear on over 400 acres of wheat. My husband sold a few cattle, I believe ten head, getting around $180. Then he and our three children were cut off. We got no relief groceries, no clothing order, no coal or wood order.

I do not give that isolated example as typifying the whole of the west, but I would say that there are thousands upon thousands of people in Canada, just as good Canadians as there are in this house, who are in some such position as that to-day.

I notice a new monument is being erected. It may be very artistic; I am not discussing that. But there are some 50,000 unemployed veterans on relief, as the Winnipeg *Free Press* in a recent editorial reminds us, the equivalent of more than two army divisions. I have wondered what it would look like if we had a long procession of these veterans passing through the archway of that monument. This would really represent conditions such as we have them in Canada to-day. It is only a few weeks ago that I saw a number of these returned men having dinner at the soup kitchen, as we call it, in my own city of Winnipeg. There daily, three thousand men, transients, are being fed. That is going on from day to day, from week to week, from month to month. Many of these men are

becoming unemployable. A number of them are still young men, although an attempt is being made to force them out on the farms. That is a situation that should be brought to the attention of the government.

Since coming to this city I have noticed that most elaborate arrangements are being made for the visit of their majesties. It would seem as if every department has been pressed into service. I recognize that the king of Great Britain is king of Canada. I recognize that he is the outward and visible symbol of the tie that unites us to Great Britain, and I think he and his consort should be given a dignified, though I would say a simple, reception. As a representative of one constituency and one who knows something of Canada, I would urge that lavish display need not be an indication of loyalty, and that the lack of such display is no indication of disloyalty. Lavish display may merely minister to the vanity of a comparatively small group of people in Canada.

I was a little perturbed in the last day or two upon reading an account in the Montreal *Gazette* of one of the functions here in Ottawa. I read:

Prologue to court functions anticipated during the royal visit to Canada in the late spring, this year's drawing-room assumed a more regal tone than those of former years.

Royal purples and blues, glistening diamante trimmings, and gold and silver metallic gowns in full-skirted styles were favoured by women attending. Bouquets gave way to feather fans, but dainty nosegays were carried by hoop-skirted debutantes who made their formal bows to society on this occasion. Conventional court weathers—

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: I know it should be "feathers" but I am reading it as it appears in the Gazette.

Conventional court weathers were worn over piled-high coiffures.

I should like to compare that with a front page story from the Winnipeg *Free Press* under date December 20:

Meagre savings have dwindled away; clothes are becoming shabby and threadbare; household furnishings are in tatters; the bare minimum of food is all they have to offer.

There are literally hundreds of such homes scattered across Manitoba. Homes where, through no fault of their own, families are facing destitution. Perhaps the crops have failed or father lost his job; it may have been sickness or some other cause. But whatever it is, they have been left with nothing, not even hope.

Children in such homes—the future men and women of Canada—are undernourished and underclothed. They face wasting sickness every moment of their lives and there is nothing the parents can do about it. They are helpless—entirely dependent upon the good will and generosity of those others who are enjoying better circumstances.

Or take another description of life as it is in Canada. I should like to quote from the introduction to Harold Dingman's articles. He is a staff writer on the *Globe and Mail*. Here are the headlines:

Life of Grim Squalor Lot of Fishermen on Atlantic Coast—Parents Helpless as They Watch Scurvy-Stricken Children Grow Weaker Day by Day.

No Relief Given Because Taxes Unpaid.

And then this paragraph follows:

This is a story of human degradation, and misery, and poverty, and despair, and starvation.

Here on the shores of the blue Atlantic, here in the garden of Canada, here in this tourists' paradise with all its rugged beauty, ten thousand people who live in tiny fishing villages along the Atlantic seaboard are on the verge of starvation.

Yes, starvation. This is a true story—a story of the inshore fishermen who are a forgotten group of men and women and children. They are hungry to-day, and they will be hungry to-morrow. They will be hungry in the coming winter months, when the icy winds whistle out of the North Atlantic and batter their wooden shacks on Cape Breton Island and along the barren shores of Nova Scotia and New Brunswick.

Whether the Prime Minister's grandparents were poor is no great concern of this house, but we are concerned with the condition of the people I have spoken of. In view of such an appalling contrast as I have given in these different stories, some of the ministers of the gospel may well be asking whether the church has failed, and we may well be asking the other question, whether democracy has failed. I suggest that either democracy must solve these problems or democratic institutions as we know them must pass. In his well-known definition Abraham Lincoln said that democracy was government of the people, by the people, and for the people. Will anyone claim that we should have these social functions and elaborate displays, for any purpose whatever, while we allow these conditions to prevail year after year?

Several important events have taken place since parliament prorogued, and I should like briefly to call attention to them. The government have refused either to disallow the "padlock law" or to refer it to the courts. In my judgment the Minister of Justice sidestepped the issue. He speaks of the fundamental principle of local autonomy, but the Minister of Justice knows that the provinces have local autonomy only within a very clearly defined jurisdiction. In my judgment the decision was clearly a political decision.

The Minister of Justice may represent a Quebec constituency, but surely he is minister of justice for Canada. And he is minister of justice in a so-called Liberal government. Suppose that the organization which I represent is what the leader of the opposition represented it to be to the people of London, and assuming that to be communicated to Premier Duplessis, how would the Cooperative Commonwealth Federation stand in the province of Quebec? Are our public assemblies to be banned because our organization does not please the premier of Quebec province? Is that a matter of local autonomy? Is that political freedom? After the election the Prime Minister promised that we should now have political freedom in Canada, yet this government has permitted this kind of infringement of liberty to continue. In practice it is extremely difficult for private individuals successfully to bring this question before the courts.

Another matter not mentioned in the speech from the throne is the recognition of Ethiopia. From my standpoint the conquest of Ethiopia was one of the most shameful chapters in recent history. I have only to read—though it is hardly necessary—certain clauses from the covenant of the League of Nations to which Canada was a signatory. Article 10 states:

> The members of the league undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the league. In case of any such aggression, or in case of any threat or danger of such aggression, the council shall advise upon the means by which this obligation shall be fulfilled.

And again, in article 16:

> Should any member of the league resort to war in disregard of its covenants under articles 12, 13 or 15, it shall *ipso facto* be deemed to have committed an act of war against all other members of the league. . . .

And so on. And again:

> The members of the league agree, further, that they will mutually support one another in the financial and economic measures which are taken under this article. . . .

Has anything of that kind been done by the signatories of the treaty? Canada is one of those signatories. I cannot feel proud of my country when I realize that she is weakly following the lead of other nations and acquiescing in such an arrangement as this.

The speech from the throne further tells us that the government is giving "anxious and continuous consideration" to the international situation. I am not going to discuss that to-day; the Prime Minister has given us assurance that we shall have ample opportunity to discuss it later. But I should like to ask what happened at the time of the Munich crisis. Was Canada in effect committed to war? From the papers one would judge that to be so; is it true? Parliament should know. It is all very well for the Prime Minister to tell us that parliament would be called, but what is the use of calling parliament if there are certain commitments already made? It is like the calling of parliament two years ago to decide on the abdication of the king and the coronation of the new king; but before we were allowed to consider the matter in this chamber we all had to swear allegiance to the new king. What is the use of going through a pro forma affair of that kind? I ask then, what happened at the time of the Munich crisis? Is Canada in effect committed to the Chamberlain policies? Sometimes I think that Mr. Chamberlain is to all intents and purposes Canada's foreign minister. This country should know. Can we maintain our neutrality? I have introduced a resolution, and hope to have it discussed later in the session, which asserts that we in Canada ought to be free to enter upon a war or free to keep out of it. We shall see where the government stands on that matter.

We are told that Canada's defences are to be materially strengthened. So Canada enters upon the same old armament race, a bloody pathway which all through history has led to disaster. We are told now that force is the final arbiter. To me this is the supreme apostasy. Is force the final arbiter? Then it would be just as well for our Christian churches to go out of business.

Against whom are we to be prepared to defend ourselves? Germany and Japan are mentioned as possible aggressors. Well-informed people tell us that shipments of chromium are being sent to Hamburg. We all know that shipments of scrap iron and nickel are steadily going to Japan. During the last year our exports of metal to Japan nearly doubled. Is that to go on and are profits to be made out of shipments to nations which might possibly in the near future be enemy nations, or who are invading nations which under the covenant of the league we are pledged to protect? In 1937 the government took power to prevent individual Canadians from involving this country in foreign wars. We had the Foreign Enlistment Act and an amendment to the Customs Act, giving the government discretionary power in peace or war to—

> —prohibit, restrict or control the exportation, generally or to any destination, directly or indirectly, or the carrying coastwise or by inland

navigation, of arms, ammunition, implements or munitions of war, military, naval or air stores, or any articles deemed capable of being converted thereinto or made useful in the production thereof, or provisions or any sort of victual which may be used as food by man or beast.

The dominion government exercised its powers under this legislation in the summer of 1937, when the act was made applicable to Spain. Why should not this act be made applicable to Japan? I hope the government will take an early opportunity to inform us of the reason.

This year the United States took a leading part in the summoning of a pan-American conference at Lima. I ventured to write to the Prime Minister urging that Canada should be represented. He was good enough to reply; let me read the last paragraph of his letter, dated December 3, 1938:

As regards the specific suggestion that Canada should take part in the present conference, I should perhaps point out that Canada is not a member of the conference and, under the present wording of its constitution, is not eligible for membership.

Now Canada is situated on the north American continent. Why should we not participate in such a conference with regard to matters that pertain particularly to American affairs? It seems to me that anything which can be done to promote better feeling on this side of the Atlantic should be done. I should like the government to take an early opportunity to inform us why we should not cooperate with other countries here in the western hemisphere. It may be said that the present constitution of the pan-American conference forbids it, but I think it has been generally understood that a chair awaits Canada as soon as she cares to occupy it.

The speech indicates that the government proposes to continue its present inadequate relief policy. The other day the Prime Minister once more trotted out the British North America Act. It seems to me that act can be classified as an ever-present help in time of trouble. I admit the difficulties under the British North America Act; I recognize that we have been giving grants in aid; but means were found a few years ago to bring in old age pensions, though for years the British North America Act had been quoted as a reason why it was impossible to enact such legislation. That legislation is on the statute book to-day. Why not other legislation? It may be that the Prime Minister will tell us that if we had unemployment insurance it would have to be contributory. At the present time contributory unemployment insurance is out of the question so far as the great mass of the unemployed are concerned. Why should not the federal government act in a matter of this kind? As I heard the Prime Minister's speech I could not but turn to a pamphlet issued immediately after the general election of October 14, 1935, entitled The Voice of the People. Here is the message the Prime Minister gave the people of Canada:

In the new era which dawns to-day, the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before. Poverty and adversity, want and misery, are the enemies which Liberalism will seek to banish from our land. They have lain in wait at the gate of every Canadian home during the past five years, and their menacing mien has served to destroy the souls, as well as the minds and bodies, of an ever-increasing number of men, women and children in our land. We take up at once, as our supreme task—

Not the arranging of elaborate functions for their majesties.

—the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by Providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that "health and peace and sweet content" which is the rightful heritage of all.

Brave words; but now all we have is a recital of the difficulties inherent in the British North America Act and more talk about the objection to grants in aid. We had a royal commission appointed, and now we are told that after the commission reports we are to have a dominion conference. I am not sure but that the provincial people must come in on that also. I should like to know whether any province has definitely objected to the government assuming a much larger proportion of the cost of unemployment.

What is the situation to-day? I should like to quote again what was quoted yesterday by the leader of the opposition, from the report of the Canadian Welfare Council:

All in all, since 1930, Canada will have spent by March 31st, 1939, about 900 million dollars on "direct" relief, relief works and projects, —and she has more people dependent on such relief than when she started. She has neither legislation nor comprehensive planning to deal with the problem beyond the jurisdiction of each current fiscal year, and she has a population, in large part dispirited, on the whole uncertain, and yet natural resources, whose per capita ratio is perhaps unsurpassed in any state to-day.

And again:

As to the actual totals with which December opened, it would appear that, when all the facts are totted up, we are not going to be any very encouraging distance from the totals for the same date last year, which the Canadian Welfare Council estimated at 925,000 and which official figures later set at 948,000.

And again:

General dependency, itself, is on the "up and up" in Canada.

That is the situation. I should like to quote and endorse a brief paragraph, together with the headline, which appeared in the Halifax *Herald* of October 3:

Canada Marshalled Resources for War Why Not For Peace?

Let it once be realized that the perils of a reactionary peace which dooms men to idleness are as great as those of destructive war, that internal economic tyranny breeds no less dangers and is no less intolerable than the rule of a foreign tyrant, and there will be in this country such a forward march that an orderly and prosperous future will be assured.

This government has enjoyed office for four years. Where is its constructive program?

Industrial profits may be satisfactory. I would refer hon. members to the *Monetary Times* of December 10. I think the situation is fairly well summarized by Angus and Company, members of the Toronto Stock Exchange, in dealing with December dividends:

Dividend payments by Canadian corporations for 1938 and for the month of December established new high records. The total for the year of $313,108,335 as reported to us, compares with $305,759,403 in 1937 and $256,475,684 in 1936, while that of $92,622,238 for December contrasts with $90,072,908 for December, 1937, and $72,849,846 for December, 1936.

Or, to present evidence from another quarter, I quote from the statement of Sir Charles Gordon in his review of business at the one hundred and twenty-first annual meeting of the Bank of Montreal. In discussing business in Canada he—

—characterized the past year as "not unsatisfactory" having in view the conditions which have prevailed in other countries.

As to his own bank—

—the financial statement was equal in strength to any that had been issued during his eleven-year tenure of the position of president.

Not so bad for the banks; not so bad for the great corporations, but I have already shown what it meant for the ordinary people of this country. Then the president of the bank suggested a policy for the government, which they would seem likely to adopt:

Among the more immediate factors which he felt would have a stimulating effect on business was the prospect of Canada contributing to the armament requirements of Great Britain.

There we have the cold-blooded calculation as to how we in Canada can make money out of the distress of others!

Whatever may be true of eastern Canada, let me say that the conditions in the west are decidedly unsatisfactory. In the old days people generally believed there was almost unlimited good land and, secondly, that there were almost unlimited markets. Both assumptions have proved to be false. This was openly acknowledged a few weeks ago at the wheat conference called by Mr. Bracken.

The fact is that Canada, and especially western Canada, has been passing through a period of rapid expansion, with over-expansion of many facilities. Now the bills are coming in, and there is a very limited income with which to meet them. I believe the general attitude of the west is fairly well indicated in a satirical article which appeared in the Winnipeg *Free Press* six months ago. The article, urging the formation of a national government, is in part as follows:

Prime Minister: Mitchell F. Hepburn, whose views on assistance to the west and the C.I.O. are so well known as to need no further explanation. . . .

Minister of Justice: Maurice Duplessis, whose padlock bill has destroyed free speech in Quebec, and whose views on the C.I.O. coincide with Mr. Hepburn's.

Minister of Finance: Sir Herbert Holt, whose ability as a director of a hundred companies and as a banker fit him admirably for the task of maintaining a fiscal system designed to promote the policy of a sound business administration.

Slogan: "Desoak the Rich."

Minister of Transport: Sir Edward Beatty, whose views on the railway problem should place him in a position to render a great service to the C.N.R., which would be, of course, his primary responsibility.

Minister of National Revenue: Sir Charles Gordon, whose intimate and profitable connection with the textile business has proved he knows how to keep goods out of the country.

Minister of Agriculture: Mr. John I. McFarland, who can hold wheat longer and sell less of it than any man in the country

Minister of Propaganda and Public Enlightenment: C. George McCullagh. The publisher of the Globe and Mail has already declared his position on certain issues which render him competent to fill this post with complete success.

I would suggest there is a great deal more truth than fiction in a satire of that kind, because these individuals or the classes they represent have largely dominated the policies of Canada.

I suggested a little while ago that the question was being asked in our local papers: has the church failed? I believe it has failed to apply the teachings of Jesus to modern economic and international problems. We are asked, "Has the league of nations failed?"—It has—not the underlying principle of collectivism, but the organization through the refusal of the great nations to give up power politics and their own imperialistic claims. The predominance which was enjoyed for a long time by Great Britain is now being challenged,

and challenged by methods which resemble closely the very methods by which that predominance was attained.

Has democracy failed? I suggest it has never really been tried. The system which gives wealth and power into the hands of the few and reduces the vast majority to insecurity and poverty cannot long endure. The leader of the opposition thinks some of us would like to do away with private property. We would like to see corporation property controlled so as to permit the acquisition of a little private property. He fears that private initiative would be lost. As a matter of fact there is precious little opportunity for a development of initiative by the majority under the present system in Canada. This is possible under a properly organized cooperative or collective system.

Our people would welcome arrangements under which the older Canadian ideals of personal independence and security and good neighbourliness could find their chance to express themselves.

I move the following amendment to the amendment, seconded by the hon. member for Athabaska (Mr. Rowe):

That the amendment be amended by adding the following thereto: "We are of the opinion that these conditions can be remedied only by the effective control of financial institutions and monopolistic enterprises which are exploiting the Canadian people."

I believe the amendment to the amendment is in such simple terms that it is unnecessary, even if I had the time, to enter into any detailed exposition of it. It puts in a few words the point of view which we in this corner for many years have been trying to bring to the attention of the house, and which calls for changes which are more essential to-day than they ever were before.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, let my first words be these, that the announcement that Their Majesties King George VI and Queen Elizabeth have graciously decided to visit Canada in the months of May and June has been received with rejoicing by all people in my constituency. In like manner it has been received with rejoicing by a great number of the people with whom it has been my pleasure to come in contact since the announcement was made.

I cannot help placing first in that category an experience I had on Christmas day when visiting over one hundred patients who were left in hospital while others were home for Christmastide enjoying themselves. Some of these patients were deserted by their

people, all were on the sick list, and in discussing the affairs of Canada one could see their faces radiate when they were told that the king and queen were coming to see them in the months of May and June. I hoped and they hoped that they would be able at that time to witness the occasion of the first visit to Canada of their majesties.

During the same week it was my pleasure to go through the basement of the institution to which I have referred. Here was an Irish lady over seventy years of age, a seamstress, who does not receive an old age pension, and who was applying all the art of sewing she had learned in Belfast, Ireland, in repairing the linen of the institution. Her first words were to indicate how glad she was that their majesties were visiting Canada. Working outside the buildings was the gardener, an old gentleman from Devon, who had learned his art in beautiful England and who in the summer months looks after the flower beds and during the winter removes the snow and carries out the ashes for a mere pittance. "Thank God," he said, "I have lived to see the day when their majesties will visit Canada. How fine it will be for my children and grandchildren!" How thrilled is the Scottish maid at home who can tell you all about the family tree of her gracious majesty the queen, all about her forebears and her charming characteristics mentioned yesterday by the leader of the opposition (Mr. Manion). How thrilled are the Scottish people that their majesties are coming here. How thrilled are the carpenters, the bricklayers, the plumbers and other artisans who through no fault of their own find themselves unemployed. Hungry and jobless they may be, but they will show some of our Canadians the real meaning of the word "loyalty."

A lady in my constituency whose grandmother was a cousin of Laura Secord was kind enough to write me a note two days ago expressing her feelings about this. She is a second cousin of Alexander Muir, who wrote The Maple Leaf. Her greatgrandmother was one of the first white settlers in her part of the country. The Prime Minister (Mr. Mackenzie King) will remember the Thomsons of Scarborough and East York. Some of them were up in North York in the days when he tried to be elected to represent that constituency. I cannot say that the members of this family followed the grandfather of the Prime Minister in the carryings on at that time, but one of the descendants of that family, Mrs. Edith Thomson Trudell, of 19

Walter street, Toronto, has dedicated the following words to His Gracious Majesty the King:

God save our gracious king,
Triumphantly we sing,
God save the king,
With flag unfurled o'er land and sea,
The union jack of Liberty,
Our emblem bold, that knows no fear,
By loyal subjects held so dear,
God save the king.

Then join with voices loud and long,
The air waves fill with joyous song
And let us make the welkin ring,
God bless our empire and our king.

Our fathers held the torch,
Of courage—all mankind to see
In sacred honour bound
For our democracy.
"Long live the king" Oh God, we pray—
To guide and lead us day by day,
And may His efforts never cease,
To bring this world a lasting peace.

Then join with voices loud and long,
The air waves fill with joyous song,
And let us make the welkin ring,
God bless our empire and our king.

This is a tribute by a Canadian of the fourth generation.

Their majesties are going to tour Canada. When they do I say to leaders of industry, to manufacturers and to merchants: Give your employees a half holiday and pay them for it, the same as is done on Christmas day; give them an opportunity to witness this ceremony. I say to the mayors and reeves of the cities and towns throughout Canada: declare a holiday. I say to those in charge of our schools: let the children have a holiday; let them turn out en masse to pay homage.

One word now to some others. Let no politician use this event in any way to further his own political advantage. Brass hats, top hats, and even prime ministers and members of parliament should stand aside to let the people of Canada see their sovereigns. They are the head of the greatest democracy the world has ever known. More than that, they are the head of the greatest civilization the world has ever known. It has stood the test of time for a thousand years, and may it do so for another thousand.

Yesterday the Prime Minister said that he would follow the speech from the throne. I shall try to do the same and I hope I do not wander as far as he did last night.

The President of the United States visited Canada. Our Prime Minister has visited the United States many, many times. Let us just close our eyes and think calmly of these two events. Do they have the same significance? Not to my mind. Nor do I think they would have the same significance to the mind of Laurier when he said that when Britain is in trouble, we in Canada are in trouble. We are part and parcel of Great Britain, and we will not submit to becoming an adjunct of the United States.

According to the speech from the throne, our ministers find it necessary to consider the international situation. That statement sounds rather humorous to me. Ten million of us are to consider the international situation. Last night the Prime Minister opened his arms and said that the United States and Great Britain are in one great circle. Is there room in those arms for Great Britain and the United States? I could not help but think of something I heard when I was a boy; it reminds me of the tail trying to wag the dog.

Since we met last we have lost from this chamber a very eminent statesman, the right hon. member for Calgary West (Mr. Bennett). Tributes were paid to him last night in the city of Toronto and have been paid to him all across the continent. I think we all agree that he is worthy of what has been said. We of the National Conservative party are blessed greatly in having another privy councillor as our leader, (Mr. Manion). He is an excellent parliamentarian, he is a lovable character, and I was going to say that he is filled with the milk of human kindness. The leader of the opposition is a man whom we will love to serve, a man with whom we will love to work. Understanding radiates from his countenance, and he will do a great job for Canada. He was a soldier, he was the author of a little red book, and now he is a statesman. May he live long to serve Canada. What great opportunities we all have to serve Canada.

I do not intend to go back to the days of our grandfathers as did the Prime Minister. I shall go back just for two or three years. I ask the people of Canada this question: what has this administration done on your behalf during the last four years; what of real value has been done for you? When I refer to the administration, I absolve at once the Minister of Finance (Mr. Dunning), first, because of his serious illness, and, second, because of the great amount of work he has done. Hon. members will remember that a year ago I said that the hon. gentleman was saddled with too much work. I repeat those words. I think the time has come when perhaps the Minister of Trade and Commerce (Mr. Euler) or some other minister might prepare a large part of the budget. He would be in the house to answer questions and thus relieve the Minister of Finance of much of his burden. The Minister of Finance has found it almost impossible to carry on and

he has broken down partly under the task. He has been recovering his health and I hope he will regain it completely and that he may live long to serve this country in many capacities.

I excuse also in part the Prime Minister. We were all sorry to hear of his illness, but he seemed to be in robust health last night. His mind seemed to be running quite clearly; nevertheless I want to say that I am sorry he was laid aside for a month during the summer because of illness. For the rest of the ministry I have not much of commendation. Most of them sat on the platform in Maple Leaf Gardens or were listening to the radio when certain promises were made to the people of Canada. Hon. gentlemen opposite promised action. They promised unity. They promised leadership. The people took them at their word. They got power Then they introduced the 1936 speech from the throne and made some more promises:

1. To cooperate with the provinces and municipalities in an endeavour to provide work for the unemployed; to increase the opportunities for gainful employment.

2. They would immediately amend the British North America Act.

3. They would restore parliamentary control over taxation.

4. They would substitute stability for uncertainty in the administration of customs laws.

I note that the Minister of National Revenue (Mr. Ilsley) is in his seat, and I hope he remains in the chamber until I deal with the last item.

5. They would amend the Canadian National Railways legislation to give a greater measure of governmental authority and responsibility to parliament and cut out some of the losses.

6. Radio broadcasting would be the subject of inquiry by a special committee.

7. Parliamentary secretaryships would be submitted for consideration.

8. Parliamentary responsibility would be restored.

9. A trade treaty would build up rather than undermine living standards.

So the government said in 1936. Those are the general headings. I will read in a little more detail the reference to unemployment:

In 1936 unemployment continues to be Canada's most urgent national problem. While there is an increase in the number of persons employed, the number of those on relief shows no abatement.

As a means of dealing with present emergency conditions, you will be asked, with the approval of the governments of all the provinces of Canada, to make provision for the establishment

[Mr. Harris.]

of a representative national commission, which will cooperate with the provinces and municipalities in an endeavour to provide work for the unemployed, and the supervision of unemployment relief. The commission, which will be assisted by a representative advisory committee, will aim at effecting nation-wide cooperative effort toward increasing opportunities of gainful employment.

Where is that representative advisory committee to-day? In fact, where is the commission itself to-day? And what did that commission do? And what did the government do with the recommendations of that commission? Practically nothing. The commission started work and gathered some statistics, most of which we already had; and then in the night they folded their tents and silently stole away. That is all they have done, and to-day the morning paper tells us that some hon. members are annoyed because young men are begging from them on the streets. There are more young men begging on the streets than at any previous time that I can remember. At the hour of twilight more men come to my door and to the doors of others asking for a hand-out than at any other time that I am able to recall. Panhandlers are on the increase. The government has had four years to deal with this matter, and what has it done? Practically nothing. "Oh," they say, "we have passed some trade treaties." I shall deal with that in a moment, but I should like at this time to make a general observation based on the Purvis report which was placed before us some months ago. When the government entered into these trade agreements it forgot the very important fact that nine hundred thousand of our employable people find their place of work in secondary industry whereas only one hundred thousand find a place in primary industry. That is shown in the government's own report; yet little by little they are paralyzing secondary industry and taking away the opportunity of gainful employment which is provided by that type of industry, hoping that they may absorb some of the men who wish to go to work in the primary industries.

The speech from the throne in 1936 also states:

A conference between the dominion government and the governments of the provinces of Canada was held at Ottawa during the month of December. Continuing committees have since carried on consideration of the more important subjects discussed.

What have these "continuing committees" accomplished? Nothing. The government is directly responsible for the charge which the man in the street is making, namely that it

is a do-nothing administration. What has it tried to do? It established what is known as the Rowell commission, and the statements which have been made before that commission have rent this dominion asunder. It has put Canada back into the position of nine independent, separate colonies as far as the thinking people of Canada are concerned. It certainly has done nothing to foster unity in the broad sense of the word. Nothing which has come out of its proceedings so far has helped the general situation. Last night hon. members heard a very carefully worded sentence from the Prime Minister to the effect that in two or three months we shall have a report from that commission. After that, I suppose, we shall have a general election, and I imagine I can see in that report some phrases which, although they may not be of a kind that will make for unity in the country, may help the Liberal administration to save a few seats. The expression, "discord and confusion," describes the situation. The government is now having a little holiday, a little respite from this discord and confusion, because one of the main factors in this situation, the Hon. Mr. Hepburn, has gone off to Australia to find out how to run a country. I thought that last night we were hearing the swan song of the Prime Minister. In certain sections the swan seemed to die; then suddenly it would come to life again. By the time the Prime Minister had concluded his speech I did not know whether the swan was alive or dead. If last night's speech was the swan song of the Prime Minister, perhaps the young man (Mr. Hepburn) who is visiting Australia will be back to tell Canada, after he has looked over the situation in the antipodes, how this country should be run.

The hon. member for Winnipeg North Centre (Mr. Woodsworth), who is not at present in his seat, said a few minutes ago that the government was able to do something about old age pensions and about this, that and the other thing, but that it could not do anything about the unemployed. I agree with him that the government has not done anything for expansion of employment. He asked the question whether any province has refused to accept assistance from the dominion government in looking after any aspect of employment. Could the government not at least have given the Canadian people some confidence in this parliament of ours by taking over the unemployed employables? That at least would have been a move in the right direction, instead of the many excuses which the government have put forward for not dealing with the situation. Let them cut across some of the red tape and give us some of that action which they were talking about in Maple Leaf Gardens prior to the last election.

Then it was said that parliament would have its control over taxation restored; that the cost of living would come down, and that the people would have an opportunity to spread their income over some of the amenities of life which they required. What have the government done in that regard? To-day the iniquitous sales tax is in the first category of tax producers, when in my opinion it should be in the third. Why should $138,000,000 be taken from the masses of our people on everything they want and everything they use, when there are other methods of indirect taxation? As I said last year, with this eight per cent sales tax we take from the babe in the cradle and from the octogenarian in his casket. We catch them all. I may be asked, What would you put in the place of it? I would put in the place of it those forms of taxation which bear a little heavily on countries other than Canada as well as on Canada. Customs and excise are not all paid by the Canadian people, no matter how hon. members opposite try to make themselves believe the contrary. They know and I know that foreign countries which want to dump their surplus wares in Canada absorb the customs and excise taxes. That indirect tax is the one which bears the least heavily upon our Canadian people. It is one which should not be lessened; it should at the least be maintained where it is.

All this administration has to its credit is that it has lessened the possibility of revenue from sources other than within Canada, and at the same time it has taken away from the Canadian citizen the opportunity to apply his artisanship in the secondary industries. I shall give the figures to back up my assertion. Last year the government extracted by taxation from the Canadian people $516,000,000, whereas in 1936 it took only $372,000,000. That is an increase of forty per cent. In other words, whereas three short years ago the government took one dollar, now they are taking $1.40; yet they say that they are interested in keeping down the cost of living and controlling taxation. The fact is that taxation has been running wild, and it will be wilder still, because if you lower the barriers and let in more and more goods, even if the rates are lower and revenue comes into the country, the important point is that the jobs are gone.

We are told that customs administration will be stabilized. Well, perhaps the Minister of National Revenue is getting a little bit

tired of trying to stabilize things. Every day there come new rulings from his department. He is blessed in having close to him a very efficient tariff board which is doing a good job if only he would pay some attention to its recommendations. I see the Minister of Mines and Resources (Mr. Crerar) looking inquiringly at me. I say to him, let the tariff board function freely and put its recommendations into effect, and the government will get some use out of the board. It helps very much in the administration of the customs laws, but there are so many rulings every day that people are confused. The most favoured nation treatment is extended to twenty nations. In 1936 it was extended to the United States, as well as eighteen new articles of agreement, and altogether there are so many new regulations that the ordinary business man in Canada is bewildered. We are in the midst of an excise tax muddle, and in the next three weeks the situation will be worse. We do not know what we are going to do about it. Instead of stability we have instability in the conduct of the Department of National Revenue. The regulations all make it harder for the business man to carry on. That top profit of one, two or three per cent which he counts on is skimmed off by the rulings, and it is more difficult for him to do business.

I am glad to note that the Minister of Transport (Mr. Howe) has entered the chamber. I wanted to say something about clause 5 of the 1936 promises. In regard to the Canadian National Railways parliamentary responsibility was promised, and the hope was held out that railway losses would be reduced and capital expenditures curtailed wherever possible. I ask the minister this question: Will he spend twelve and a half or twenty-five millions in Montreal on the Canadian National Railways? Can he say that the government has restored to parliament the responsibility for the conduct of that road and that it has reduced losses? Are the assets in better shape than they were three or four years ago? The government may reply in the affirmative, but what about the cost? Will the cost of operating that system be less this year than it was last year? Will it be reduced in accordance with the promises made four short years ago?

The radio system is operated under my hon. friend's department. According to clause 6 of the 1936 promises, a radio inquiry was promised, and it was said that an independent corporation would be set up. What have we had? The conduct of radio in Canada has been vexatious to the Canadian people. Last year, as the minister will remember, he proposed to increase the fee, but after some consideration he rose in his place in the house and said that the fee would not be increased. In my opinion the fee system is wrong. It is excessive and unnecessary, and you cannot make the ordinary man in the street understand why he should pay for the use of the air. The fee should be abolished. Now the government is faced with a greater difficulty. In the old days before the introduction of radio, men could stand on boxes at the street corners or in the parks and exercise the right of free speech to their hearts' content, and the then government instituted section 98 of the criminal code. This government wiped out section 98 and substituted censorship by the radio corporation. That body censors whatever goes over the air to the Canadian people. In my opinion the Canadian Broadcasting Corporation should be told in plain language that we have made enough capital expenditure for the time being and that they should slow down and be more responsible to parliament.

Last night the Prime Minister seemed to be a little weary. Although he was master of the ship he could not leave the helm but had to stay there all the time in order to guide the ship of state. He has guided it through stormy waters, he says; but "around and around in a circle it goes, and where it is going nobody knows." In his younger days, as I remember him when I first came to this house in 1922, he must have been a midshipman or cabin boy, because he said that the 1919 platform of the Liberal party was merely a compass or a chart to go by. He had his eyes glued to the compass. Now that he is entrenched in the leadership of his party he has moved up to captain. He is now captain of the ship and he stays at the helm—doing what? Is he carrying out the pledges of 1936? Most of them we have heard nothing about.

For instance, take the parliamentary secretaryships. They have been put down the hatch, away down below the water-line, and have been covered over with excess baggage. We have heard nothing about that subject. I am rather in accord with the idea of parliamentary secretaryships. When I see some of the ministers unable to do all the work that comes to their desks, I think parliamentary secretaryships should be established. Some of the men I see here who are not doing a real day's work when in Ottawa, in the House of Commons, could be put to work as secretaries under ministers to help them in the discharge of their duties. When municipal bodies or the public generally come to Ottawa to see a minister of the crown, whom do they see? You cannot get close to the minister. The efficient secretaries—and they are good secretaries and do work hard, being

quite tactful in their positions—serve as so many buffers to hold you off. You cannot find what you want. How happy one would feel if, instead of having to disturb, say the Minister of Finance, one could talk to a parliamentary secretary. He would be one of our fraternity. A previous occupant of the chair once declared that this house was the greatest club in Canada, and it is. When I come to Ottawa to discuss something with a minister, I do not necessarily wish to disturb the minister, and if I could talk to a secretary who was one of our own fraternity, that would be perfectly satisfactory. He would honour my given word and I would honour his. But the Prime Minister has failed to introduce legislation to make this possible. Nothing has been done about it—another example of the do-nothing policy of this government.

Restore parliamentary responsibility! My time is going too fast to permit me to do more than refer to the twenty commissions, which cost the country nearly $2,000,000 and created a few jobs, as my leader said yesterday. When his party was sitting here and we were sitting there, how the present Prime Minister railed about the commissions that we appointed! But did the right hon. gentleman restore parliamentary responsibility? I do not think he did. It is another broken promise. These commissions are set to work while I and other hon. members, sent here by our people for that purpose, could do a great deal of it.

The government did put through some trade agreements, and are probably going to put through another. In 1936 the following words were put into the mouth of the governor general:

> My ministers believe that the Canada-United States agreement will mark a great improvement in Canada's international economic relations; also, that the principles embodied in this agreement, extended and applied with vigour and determination, will contribute to the reversal of the trend toward extreme economic nationalism, which has been undermining standards of living. . . .

This is 1936, mind you. There is no such reference to "vigour and determination" in the 1939 recital.

I think that when the Prime Minister is really tired, a good position for him would be at the league of nations, giving lectures on economic nationalism. Perhaps he could tell dear old Britain that she should not have an import advisory board advising the board of trade, or have the board of trade represented in the cabinet. Perhaps he could lecture on civilization. But of all the countries to be lectured on economic nationalism this country is the last, for a few reasons which I shall recite. And when I recite them I ask hon. members and the country to visualize what I bring to their attention. When under the old agreement imports into Canada were permitted to jump from $300,000,000 in 1934 to $430,000,000 in 1937, an increase of 42 per cent, hon. gentlemen may have thought they tore down some economic nationalism, but in fact they tore away from thousands of people the possibility of applying their workmanship to the manufacture and production in Canada of required goods. In secondary industry alone, imports jumped from $120,000,000 in 1935 to $215,000,000 in 1937, an increase of 80 per cent. The Minister of Trade and Commerce (Mr. Euler) knows, I know and the house knows that the maximum amount of work is provided in these secondary industries. To put it in figures, look at a dozen balance sheets; you will find that raw material costs, say 50 per cent; labour, 20 per cent; cost of production, another 20 per cent, and interest and so on, 5 per cent; and if there is 5 per cent left he is fortunate. Take the 20 per cent which is straight labour; on that basis the trade agreement of 1936 took away the opportunity of work from 50,000 Canadian people. That is the fact with regard to that agreement I have not time to go into details.

In the speech from the throne this year we are told that we are to approve another trade agreement, fulfilling the hope expressed in the speech from the throne last year that an agreement would be reached which would confirm and enlarge the advantages of the 1935 agreement with the United States. And we are told that, taken with the United Kingdom-United States agreement, it constitutes a constructive contribution toward a betterment of world conditions. When were we in Canada put in charge of world conditions? Is it not about time we looked after the condition of our own people a little more? That is the way I feel about the situation; when we have distress at home, let the world look after itself and let us look after ourselves. Are the nations to be saved by making us hewers of wood and drawers of water for the United States? That world appeasement, in my opinion, is all humbug and eye-wash. I do not see the Minister of Agriculture (Mr. Gardiner) in his seat; I do not know whether he is feeling too friendly towards this agreement. Speaking to the Halton County Liberal-Progressive association at Milton, Ontario, on November 18, he is reported in the Toronto *Telegram* as follows:

> He pointed out that he had reason to believe that the concessions Canada was compelled to give would not do the dominion any harm.

My question is, Who compelled Canada to give those concessions? Have we been in the hands of a dictatorship? Canada demands that the Minister of Agriculture rise in his place and defend his position, tell us who compelled us. Empire democracy is not built on force or dictatorship.

Nor do I see the Minister of Fisheries (Mr. Michaud) in his seat. In the days of my youth someone asked me to make a noise like a fish. I asked him what he meant, and he said, in order to make a noise like a fish you do not make a noise at all. The Minister of Fisheries does not make any noise at all. Let him rise in his place and defend this agreement from the viewpoint of the maritime provinces. Perhaps he and the Minister of National Revenue should go into a huddle and decide how they are going to vote on the apple concession. The Minister of National Revenue, if he holds to the convictions of his youth, will vote against this agreement, as he was brave enough to vote on another occasion a few years ago. Do the coal miners of the maritime provinces give thanks for the removal of the three per cent excise tax on coal? Will the port authorities of Saint John and Halifax give support when they find millions of bushels of wheat which should be flowing through Canadian ports going through ports of the United States and making work for citizens of that country instead of Canadians? Will those engaged in secondary industry thank the Minister of National Revenue when they find themselves compelled to become importers rather than manufacturers employing men and women in this country? Will they thank the Minister of National Revenue and this government for turning them from one class of trade to another? No one can turn around as quickly as the manufacturer; if they will not let us manufacture we can import; but on behalf of those men and women who work in secondary industry, I ask this government to let us manufacture and produce in Canada; do not make us traders, do not make us importers. We shall become importers if we are forced to do so in order to save ourselves; but in saving ourselves we do not save the job for the work-people of Canada, and they are the people who need saving at this time.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I am not going to make an oration, but I have something to say, which I shall say in a few well chosen words. First, permit me to congratulate the hon. leader of the opposition (Mr. Manion) on the honour that has been done him by the party which has called him to its leadership. I have known him for some time. The first reports I got on Doctor Manion in Fort William related to him as an athlete, and I should like to say that any man who has proved himself a clean athlete will make a worthy opponent for anyone to stack up against. I notice that he played the game of hockey and did considerable sprinting on the track, and swimming, but chiefly did he shine in the game of lacrosse. I would suggest to the government, in connection with the arrangements for the entertainment of the king and queen on their visit to Canada, that the leader of the opposition get a place on the lacrosse team. I also should like to have some consideration there, to get into training for a couple of months and back him up.

Because of the love of the leader of the opposition for athletics, I should like to refer to something reported in the *Times-Journal* of Fort William. I do this to show the hopefulness of the youth of Fort William. There was a dog called Prince that got into trouble, and the boy who owned that dog went to the pound-keeper, who was a kind man to both dog and boy. This dog was let out; the boy trained him and entered him in the dog derby in Westport for a three mile race, and he came off with a cup. This dog derby was run off as all sports should be run; there was no bet or any sweepstake in connection with the race. This shows what a boy can do, and if that lad's father can help him to become a winner he may some day sit in this house and give leadership to others.

I should like to thank the Prime Minister (Mr. Mackenzie King) personally for advising that the leader of the opposition should not be opposed in the recent by-election. This is a courtesy which should be extended regularly, and if I dared make a suggestion I would say this: When a member of parliament has been called to the great beyond, it always hurts my feelings that there should be a by-election. I would far rather see some member of his household, if any were available, take his place. I do not think the government, the opposition or any other party would lose anything under that arrangement.

I am not forgetting the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address; I congratulate them on their efforts. When a man is capable of doing what I am not able to do, I can congratulate and thank him. It happens that I was guilty of making a short speech in the town of Souris in the constituency of Brandon. I always like to return to a place where I am known to make a speech, because the people know whether or not I am practising what I preach.

I should like to congratulate the government on the set-up of the radio corporation. I was very much touched when I saw the report of what occurred when the use of the radio was denied one of our great editors. The Prime Minister told us something of the set-up of the corporation. I have nothing but respect for our great editors or, for that matter, for the editors of our local papers, but I am thankful that no editor or millionaire can buy a place on the CBC. If the editor of the *Globe* could buy a place because he happened to be backed by a millionaire, what would happen to a trade unionist, a member of an executive playing an important part in the life of this country, if he had not millions behind him? He would have to take some other means than that which might be open to a man who had money. So I say thank heaven for a corporation that cannot be bought. Some of us are in the house today because there are some things that cannot be bought with money. One of our greatest struggles in Canada is between capital and labour. We want fair play; fair play to the man who invests his money; fair play to the man who manages a corporation, whether he be an editor or a manager; fair play to the toilers that their work may be secure and they may obtain a living wage, and fair play to those who buy the finished products.

I should like to congratulate the government upon its housing scheme. In Fort William this summer we felt some of the effects of that scheme. It was very difficult to find a first class carpenter who was not working, and one could not find an idle bricklayer. We had to send for them, east, west or wherever we could get them, because, thanks to the housing scheme, there was more work than the bricklayers could do.

I should like to thank the government also for the fact that its ministers have spoken in no uncertain terms against the amalgamation of our two railways. I make no apology for opposing the amalgamation of these roads, because I believe such amalgamation would bring about far more unemployment. The cure for the difficulty is, in my opinion, more trade; if we get more trade we shall need both our railways.

I should like to congratulate the Prime Minister upon preparing the way for the Prime Minister of England to visit that great German leader, Mr. Hitler. It has been said that in times of peace we should prepare for peace. When the Prime Minister of Canada was in Europe he did not hesitate to take the risk of visiting the national leader of Germany, and there is no doubt that he sowed seeds of truth in the mind of Mr. Hitler so that when Mr. Chamberlain came to visit him the way had been prepared, and I think the right hon. gentleman did a great piece of work.

Later on we shall have something more to say about peace and rearmament, but in my opinion we have greater cause to fear the enemies within our country than the enemies from without. The old book says that our foes are those of our own households. It has been well said by one of our leaders that we have enough for the world's need but we have not enough for the world's greed. Selfishness is the great curse of mankind, so that we need the help that comes to our country from the Christian church. I greatly admired the work in this house of the former right hon. leader of the opposition (Mr. Bennett), but I do not agree with him when he says, nor do I agree when any bishop or moderator says, that the church has failed. I do not believe they can say that unless they can estimate the value of a Christian mother or a Christian dad, or of unselfish servants from the Salvation Army lassie right up to the Archbishop of Canterbury. Who can estimate the value of Christianity, of unselfishness, throughout the length and breadth of our country and say the church has failed? Such a statement is in line with that of those who always say the government has failed when it may not have been able to do anything.

I should like to offer a suggestion to the Minister of Mines and Resources (Mr. Crerar), who is an old friend and who will know whereof I speak. In Fort William we have suffered in connection with the shipping of coal from the west under the coal subvention. As I said last year there is a three and a half million dollar plant which is practically idle. In the national school of Ireland I was taught that there is a law of compensation. The teacher said, "If you lose your eyes your hearing becomes keener. If you lose your hearing your observation becomes better." One kid said, "Begorra, that's right; if one leg is short the other is longer." I should like the Minister of Mines and Resources to realize that there ought to be a law of compensation, because forty-five or fifty miles west of Fort William we have iron ore in abundance. I am sure that in dealing with that deposit he will measure up to his task just as he is helping in connection with coal subventions. One may pick-and-shovel this iron ore out of the rock, and it is there in an abundance which is probably not known to the speculators. When I think of the first class haematite ore in the Atikokan district, and the efforts we have made in Canada to develop our iron and

steel industry, I realize that if war came upon us we would have within our grasp that which we need.

The conditions around the head of the lakes is known well by men such as ex-judge McKay, and I believe it is the duty of the government to give us a bounty on iron ore —I refrain from using the word "protection." "Bounty" is the better word for those who believe in free trade. However, I shall have more to say on this subject at a later time.

So far as unemployment insurance is concerned, I believe the time has come when we must go ahead or, to use the word of another, blast our way through. Unemployment insurance is a necessity, and I have confidence the government will see a way to put it into effect.

I would suggest to the Minister of Pensions and National Health (Mr. Power) that our highways be patrolled by returned men who have served their country well. United States tourists would be drawn to Canada if they knew that while here they would be protected by men who stood shot and shell, but who were spared to come back and have shown a willingness to keep our highways open.

As I began with some observations respecting athletics, I should like to close by saying that in Fort William we have the second greatest ski jump in Canada. In that city in February we are holding the Canadian championship ski contests. The skiing officials have constructed a trail extending 130 miles. Most of it has been constructed this year, and it is paid for. I would suggest that the Prime Minister (Mr. Mackenzie King) and the Leader of the Opposition (Mr. Manion) would do well to take three days off and visit Fort William while the ski jumping contests are in progress. Both gentlemen enjoy thrills and spills, and they would have their fill if they attended the contests. However, if they cannot come, it might be possible for them in some other worthy way to indicate to the executive of the ski club that the efforts of that organization for the benefit of the youth in Canada are appreciated.

Again I express my good wishes to the leader of the opposition. I know he will play fair. He will play hard; he will be honest and he will be true, because any man who has been educated and has practised in Fort William has the ability to fight a good fight and do it fairly.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, first of all I should like to extend my congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. I am sure it is the sense of the whole house that those hon. members acquitted themselves very satisfactorily and in a manner which reflected credit upon them.

May I congratulate the Prime Minister (Mr. Mackenzie King) upon arranging for the visit of the king and queen during the coming summer. It has been borne in upon even those of us who are the strongest of democrats that our sovereign represents a useful institution in our system of government. He is a living symbol of a living empire, and I believe the British commonwealth of nations is destined to uphold and make a greater contribution to the cause of world peace than any other organization in existence. Anything which may serve further to symbolize and to cement that unity, and in that must be included the visit of our reigning sovereign, must be welcomed with all our hearts. I am sure our people are also pleased to learn of the proposed visit of the king and queen to the United States. It will be a most historic occasion when a British sovereign sets foot on soil which was once British, over which the British flag once waved, and when he goes there as a friend to welcome them into closer collaboration with our commonwealth, all pledged to the cause of world peace, the ideal for which English-speaking peoples stand the world over. I am sure the king will carry a message of good will from all parts of the British commonwealth, and it would be our wish that his visit in the cause of world peace may be blessed.

I cannot help recalling, when I think of that visit, that were it not for the Tories of an earlier day crying out for what they believed to be right, the British sovereign might be visiting the most important country in the commonwealth instead of a foreign but friendly nation. The whole course of history might have been different had Liberalism instead of Conservatism prevailed at that time.

I should not let this occasion pass without referring to the signal service done for the cause of mankind by the Prime Minister of Great Britain. As one who did some service in the front area and saw something of the horrors of war, I was amazed when I learned that a man who had not seen it seemed fully to sense its horror and was prepared to do almost anything to spare mankind from once more going through those horrors. I do not say that I approve everything done by the British government under its present or previous leaderships in not tending at all times to bring the whole force of the British nation to the support of the League of

Nations. Faced with the crisis last September, however, I do submit that Mr. Chamberlain did everything he could and is deserving of the thanks of mankind.

May I point out further that the attitude of our own Prime Minister, in those days when all of us were filled with worry and the thought that we were possibly faced with a condition parallel to that of 1914, was most commendable. His statesmanship on that occasion was worthy of the highest traditions of all past great prime ministers in British countries. His efforts followed closely the high example set by former great Canadian leaders such as Sir John A. Macdonald, Sir Wilfrid Laurier and Sir Robert Borden. Canada was well represented in the crisis. I would not be fair did I not say that by his attitude at that time the leader of the opposition (Mr. Manion) showed himself to be a worthy successor in the leadership of the Conservative party of the great leaders who have preceded him.

I must admit that when I listened to the hon. member for Danforth (Mr. Harris) giving expression to some of the hoary theories which have been served up to the country election after election and time after time, theories which have not and never will solve our problems, I was tempted to answer him. I believe, however, that the people and particularly the youth of Canada expect more from parliament than the threshing of old straw, such as we have witnessed to a certain extent in the past. They expect from this parliament proposals which will solve in a definite and sweeping way the problems that face the Canadian people. Does the hon. member for Danforth suggest that the people of Canada should believe that the policies which he espouses, the policies which were tried for the five years before this administration came into office and failed, are going to solve these problems? Does he expect the people of Canada or anyone else to believe that?

During the dark days of the war it was found that the only possible way of winning the war was by the mind of man applying itself to the situation and working out innovations which would help to win the war. But it was necessary to fight against the Tory minds in the high command of the army. The establishment of unified command, without which I am satisfied the war would have been lost, was opposed to the last ditch by the Tories in the high command of the British army. The preponderance of artillery, the use of tanks and many other definite innovations which were conceived by the mind of man as being necessary to win the war in the interests of civilization were opposed or accepted with hesitating reluctance.

I put it to you that faced with the crisis with which we in Canada are faced to-day, the mind of man in Canada is quite capable of evolving the innovation in policies necessary to solve the situation. It is with that that I wish to deal to-day. I desire to suggest an innovation to this house and to this country, not with any idea of its being perfect but simply as a contribution towards the solution of the problem that faces us. No one pretends that the situation to-day is satisfactory when hundreds of thousands of people, particularly young people, find themselves unable to devote their lives to the service of their country and to earn a living for themselves and their families. Unemployment has two definite aspects, both of which are undesirable.

First, there is the effect on the individual There is the loss of morale. If any one of us had been unable to obtain work when we first left school; if we had been unable to set ourselves up in an independent way; if we had been condemned, as thousands of young people in Canada to-day are condemned, to live at home and to accept money from our parents, probably we would have lost our self-confidence and never would have managed to make anything of our lives. Many of the present generation are having their morale and self-confidence thus destroyed. If this parliament is to be true to the great traditions of parliamentary government it should make a contribution toward the solving of this problem. Instead of condemning one another for the things that are past, we should be looking to the future and trying to evolve something to meet this situation.

The other aspect of the situation is the effect of unemployment upon the nation. Unemployment leads to stress and strain between different sections. A daily newspaper in western Canada took a poll of its readers on the question of secession, and to the amazement of everyone it carried by a small majority. Something else which I deplore is the outbreak of racial feeling in Canada. Who ever would have thought that that could happen in our country? In other words, we have this dominion being shaken to its very foundations because so many people are unemployed and are unable to establish homes for themselves and support those whom they love.

No nation ever grew wealthy by keeping thousands of its young people unemployed, by leaving them on the dole when great natural

resources are unexploited. Some hon. members may have had occasion to read the primer which is used in the schools of Germany and in which reference is made to the unused natural resources of Canada. Are we not going to put our unemployed to work to exploit our great natural resources and produce wealth? This country is largely underpopulated and is a standing temptation to the overpopulated countries of the rest of the globe. I submit we owe a sacred duty to our forefathers to devote ourselves to using our natural resources to the fullest possible extent and to populating our country with our own people as quickly as possible in order that we may be able to hand on unimpaired the great heritage that we have received from their hands.

Do we lack natural resources? Does anyone suggest that Canada is not well endowed with natural resources? Do we lack labour? There are hundreds of thousands of unemployed who are anxious and willing to work. Do we lack capital? Our banks have plenty of capital or potential credit, but they say they cannot make loans. Everyone knows that all that is necessary is labour, capital, and natural resources. What is the trouble? Some people I know seem to believe that there is a lack of capital. I should like to read a short report which appeared in the Winnipeg *Free Press* of January 11, dealing with a speech by the Minister of Agriculture (Mr. Gardiner), who said:

> If peace were assured, Britain would be using some of her great financial resources to develop Canada's great natural resources. In western Canada there is a great potential for industrial growth. Half the mineral wealth, half the coal of the country are enclosed in an area close to the Rocky mountains. There are no industries there. Development would create great wealth.

With the latter part of that I am in hearty accord. We have great mineral resources in western Canada, but I suggest that we do not need capital from abroad to develop them. Under our present Bank of Canada set-up the only reason for wanting foreign capital would be the necessity of buying things abroad that cannot be produced at home or which could not be procured with goods produced at home. During the war Great Britain found it necessary to get foreign credits in the United States for this reason. But are we in Canada in that position? We have the man power and we have skilled leaders. As I say, we have great natural resources. What about the necessity of foreign capital? There is one thing about foreign capital. If you do not need it, it is a bad thing to import. You must go on paying interest on it until you repay it, and sometimes you have to repay it two or three times. This constitutes a continual drain on the resources of the country. Anyone who knows anything about the capital invested by the United States in Canada knows that it has been paid time and time again, and still we must go on paying interest on it. That is a drain upon a young country. If you do not need foreign capital, you should not import it.

I suggest that we do not need foreign capital. I suggest that our present financial set-up makes plenty of capital available. I should like to refer to some figures in this connection. According to the January 4, 1939, report of the Bank of Canada, gold coin and bullion in the hands of the bank amounted, in round figures, to $186,957,000. Under the Bank of Canada Act the Bank of Canada has the right to print against that gold four dollars for every dollar in gold that it holds. On that four dollars to one ratio it could print or make available to the bankers as deposits with the Bank of Canada a total of $747,831,000 of money. On the basis of our financial set-up as it was described by the Minister of Finance (Mr. Dunning) last session, the banking system of this country can and does tend to make loans and investments to the extent of ten dollars for every dollar that they have by way of such liquid reserves in the form of Bank of Canada notes or deposits in the Bank of Canada. So that on the basis of the present gold holdings of the Bank of Canada, the banks of this country could make loans and investments to the extent of $7,478,000,000. They have the financial power to do it. The banks do not deny they have that right and that power. Well, then, I suggest, we do not need capital from abroad; we have the situation well in hand at home.

But somebody may say, regardless of the legal power to do it, it is not wise to issue Bank of Canada currency on the basis of printing four dollars' worth of money against one dollar's worth of gold. It was suggested last session by the then leader of the opposition (Mr. Bennett) that the 25 per cent gold basis was an absolute minimum. Very well let us be sure, and give twice the coverage which is provided by law. The value of our gold production last year was, in round figures, $141,000,000. If we kept that in our hands for one year and added it to the gold already on hand, we would have a total gold supply, in round figures, of $328,875,000. On a two to one basis, that would enable us to issue $657,000,000 worth of Bank of Canada notes, and on that issue the banks of this country would have the right, in a perfectly sound way,

carrying out their present policies, to issue loans or make investments to the extent of $6,577,000,000. I cannot go into the details in the time at my disposal, but to-day the banks have loans within Canada to individuals and corporations and investments in Canadian securities to the extent of $2,470,000,000, which means that if we kept one year's production of gold in Canada and issued Bank of Canada notes on a two to one basis instead of the four to one permitted by law, the banks could issue almost twice as much credit again as they have issued to date.

The suggestion may be made. If that capital is available, why the difficulty? As a Liberal I am particularly interested in this because I believe our policy was that we regarded credit as a public matter, not of interest to banks alone but of direct concern to the average citizen: we believed that credit should be controlled in the interests of the people and not solely in that of private bankers' profits. As the trouble to-day is lack of capital or credit to those wishing to develop our resources, and the banks to-day have the power to provide capital to the extent of a further four billions of dollars, are we controlling it in the interests of the country, or are we allowing the banks to continue to control credit in the interests of their own private profit? I ask that question, and I do not attempt to answer it but leave it to hon. members. But I do say this, that at the time the Bank of Canada was set up, it was believed that the powers given to the Bank of Canada, viz: power to re-discount and to conduct open market operations would enable it to control credit. I am satisfied all honestly believed that we were taking full control over the credit policy of this country when we gave the Bank of Canada those powers when setting it up. If it has not worked that way, I submit it is the duty of our party, pledged to control credit, to study the problem and take further powers of control so that we do control the credit of this country.

Our government has been trying to follow a policy of credit expansion. I just wish to give the figures to indicate that this policy has not succeeded in controlling the credit of the country by causing that credit to expand. We followed an easy money policy designed to increase the amount of credit available for the development of the dominion. We increased our Bank of Canada notes and deposits of chartered banks with the Bank of Canada, taking the daily average for September, 1935. and for September 1938, to this extent: The average amount of bank deposits in the Bank of Canada and Bank of Canada notes held by the chartered banks which were the liquid reserves of the banking system in September, 1935, was $219,971,000. By our easy money policy, trying to force credit out to develop this country, we increased that to an average, in September, 1938, of $262,766,000, an increase of $42,795,000 in the liquid cash reserves of the banking system of this country. Was that reflected in an increase in loans to business institutions and the public, as it was designed to be and as it should have been if we had control over the credit of this dominion? It was not. In loans to corporations and individuals in Canada there was an actual decrease of $26,784,000 in those three years, although the population was increasing and the need for expansion existed. The banks did not increase their loans to the public, although we did our best by means of the Bank of Canada, operating in the way provided, to force them to do so. After the recess I intend to indicate why that was so.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. TUCKER: When the house rose I had just been endeavouring to show that although the policy of the present administration, operating through the Bank of Canada, was an easy money policy designed to increase the amount of credit available to the business institutions and generally the enterprise of the country, by increasing the cash reserves available to the chartered banks of Canada, upon which reserves they might create a larger amount of credit to lend to our business institutions, the result had not been an increase but rather a decrease in the amount of money lent by the chartered banks to our business institutions. I sought to indicate that the policy of stimulating the amount of credit available for our business institutions, through the operations of the Bank of Canada, had not worked during the past three years, and I said that I would show why that was so. Of course, the basic reason is that the only way by which credit can reach the people who need it is through the chartered banks, and the mere fact of giving them adequate reserves is no assurance that they will use those reserves in making loans to the country's business enterprises.

On that point I wish to read from the Winnipeg *Free Press* of January 14, 1939, a statement by Mr. S. G. Dobson, managing director of one of the chartered banks of

Canada, indicating the attitude of the banks in that regard. Discussing commercial loans and credits, he says:

We hear from time to time the criticism that banks are investing too large a portion of their funds in government bonds and too little in assisting business enterprises. Thinking people will realize at once that such a charge is illogical and unjustified. Our primary business is commercial banking, but as has been pointed out on numerous occasions, we cannot compel unwilling borrowers to use our surplus funds if, because of lack of confidence or for other reasons, they are not prepared to expand their business; and prudent bankers must of necessity guard against taking unwarranted risks. Consequently, the only way in which surplus funds can be put to work is to invest them in government bonds, and in order that these funds may be made available for commercial purposes if the demand arises, only short-date securities are purchased.

It may interest you to know that this bank's portfolio of dominion government securities only nets approximately two per cent per annum and this fact should in itself be an effective answer to the charge that we accumulate these securities from choice rather than increase commercial loans. It would be a strange type of banker who would prefer this small return to the more remunerative commercial rate.

The interest return on government securities is low, largely because of the "easy" credit policy of the Bank of Canada and the resultant surplus of funds seeking profitable employment.

Many people become confused in their minds regarding the term "credit" and the statement has been loosely made that the right of issuing credit has been passed on by the government to the banks. This is untrue. Control of credit is one of the prerogatives of the Bank of Canada. They alone can decide whether a policy of "easy" or "tight" money is to be pursued. Their facility for doing this is to purchase securities if they wish the banks to be supplied with additional funds, or to sell securities if they wish cash in the hands of the banks reduced. As far as the chartered banks are concerned, their supply of funds is regulated and they have available such surpluses as the Bank of Canada wishes them to have. Most people, when talking or thinking of the term "credit" look upon it in terms of the amount they individually can borrow from a bank, but in the broader sense—as applied to the country as a whole—whether credit is "easy" or otherwise is a matter within the control of the Bank of Canada. This volume of credit they regulate according to the needs and requirements of the country as a whole.

What I wish to emphasize is that, as the general manager of this bank points out, although the policy of this administration has been an easy money policy, the banks declare that fundamentally because of their reluctance to take chances they have been unwilling to make loans to business enterprises and have been investing in government bonds and securities. In other words, the last word is with the chartered banks.

[Mr. Tucker.]

Now then, what are we faced with as a Liberal party? The whole situation comes down to this: We have ample man power; we have skilled engineers who could give leadership in taking charge of the industrial enterprise of the country, the opening up of mines and so on; we have the natural resources; and, on the admission of the banks and according to the figures that I have put before the house, we have ample credit. But the banks, for what appear to them to be good reasons, do not choose to put that credit in the hands of business enterprise. What is to be done?

In the short time still at my disposal I intend to lay before the house a suggestion which I believe would be at once fair to the banks and a means of solving the problem. But before I offer that suggestion I should like to say a word to those who take the attitude that there is nothing in any such ideas as these that are being put forward. To such people I say: Have you any idea which will solve the problems that face this country, and solve those problems adequately? If you have not, then I suggest that you should get busy—every member of this house should get busy—and try to figure out something that will. I do not suggest that the idea I submit is the only one or that it is necessarily the best. I offer it simply in the hope that it will give rise to some comment, and that if there is some virtue in it, some effect may be given to it. At any rate it will lead to a study of the great difficulty to-day, namely, the fear of capital of investing in enterprise for the purpose of putting our people to work and developing our natural resources.

It was my privilege last summer to spend four days flying over the northern part of Saskatchewan. I visited Goldfields where the Consolidated Mining and Smelting Company operates. That company, before taking one cent out of the ground by way of profits, will probably spend ten millions by way of developmental work. You cannot put labour to work on mineral resources in our north country to any great extent unless you have great resources of capital behind you; but there are not many large companies who are able to go to the banks with the necessary security in order to get such large supplies of credit with which to develop our natural resources. You have, therefore, the suggestion that credit should be sought abroad. I say, however, that if these enterprises are worth developing at all; if they would justify our seeking credit from abroad, then we have the right to say to the banks: "You must make available the necessary capital to develop the resources of this country." Someone

may say that this is unfair to the banks. Well, let me suggest how it could be worked out. A board of bank commissioners could be set up and if anyone had a worthwhile mining scheme—something similar to the Consolidated Mining and Smelting proposition at Goldfields, Saskatchewan—and engineers reported favourably upon it, the only difficulty being lack of capital because the would-be borrowers had no collateral security to enable them to borrow from the banks, such board would engage geologists to investigate the proposal and, if the report were favourable, they would order the banks to furnish the necessary credit, each one sharing pro rata in the risk. This, I may be told, would be unfair to the depositors and shareholders. To meet this, I would then say to them: "On these risks which you are ordered to take we will guarantee you an aggregate return of not more than two per cent. In individual instances that return may be seven, or six, or five per cent, but we will guarantee you, on all the risks we order you to take, an aggregate return of two per cent, so that you cannot lose." To the persons sponsoring the undertaking I would say: "In the case of private capital you would have to give a share in the enterprise to the people furnishing that capital. And where you have to apply to the government for the necessary capital, through the chartered banks, I would say that a half interest in the enterprise when developed should accrue to the government."

I am satisfied that in that way, if our natural resources are as good as they are supposed to be, and I believe they are, there would be not a loss but a profit to the government even after paying the two per cent in cases where the proposition did not turn out well. There would be ample capital for the development of our natural resources, and enterprise could proceed, because there is ample man power. That would be taking control of the credit of the country in the interests of the people.

After all, the whole trouble to-day is lack of credit to develop the natural resources of Canada. If we did something of this sort—say in connection with mining to start with—the principle could ultimately be extended to other industries. But we might confine ourselves for the moment and at the start to mining. If, for example, in western Canada we could have half a dozen enterprises being developed like the one at Goldfields—and there are the mineral fields discovered to do so—instead of one, giving employment to our people, there would be no need to force young people on to farms to try to earn their living with consequent over-production of farm products. There would be a great demand from the mining industry for the things the farmers produce. This development would contribute to the solution of the railway problem and at the same time to the upbuilding of the manufacturing industry. In other words, a good many of our problems for which we seem to have at present no solution would be taken care of.

I offer that suggestion in all seriousness as providing a means of carrying out our policy of securing control of the credit of the country. If we did put the credit power of the country behind the youth of Canada for the development of our resources, the present bad feeling between one section of the dominion and another, the racial feeling that I fear is beginning to show itself between people of different origins, would suddenly and rapidly recede into the background. I suggest that if we were to take hold of the situation in that fashion, we could, east and west, regardless of racial origin or religious creed, work together in the interest of the future of Canada; we could once more do our part to justify democracy in the eyes of the world and our own people, and we could establish on the northern half of this continent a people working together in harmony, serving their country, making homes for themselves and able to earn a reasonable living. And by such an innovation of policy much as in the war we would win the peace. We in our turn would do our part to build up and hand on to posterity the great country foreseen by the fathers of this nation, a country which we would be proud of and which would not suffer from the difficulties and sense of frustration that we have to face to-day.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, having listened to the speech from the throne and had opportunity to digest it somewhat, we notice several things in it that might be debated. I am not going to take time to go through the speech from beginning to end, but coming to those parts which refer to the wheat board and the royal commission on grain marketing and its effect upon the grain exchanges, also the Prairie Farm Rehabilitation Act, I was immediately reminded of what happened at the last session of parliament with regard to some of these matters. I suppose that on account of the prospective visit of their majesties to Canada this year it will be the desire of the house to hasten its business as much as possible in order that prorogation may be reached before the time of their majesties' visit. Last session there was ample time to

conclude in good time for his excellency to have prorogued parliament himself. I have referred to one or two items in the speech from the throne because some of these items were left until the dying days of the last session.

I might take a moment to review the business of this house at the last session. It will be recalled that the budget was considerably delayed, the reason given, and perhaps it was a legitimate one, being that the Canada-United States trade agreement was expected to be brought down at any time. Day after day, week after week it was about to come, but at last budget day was announced and the trade agreement did not come down. We all know what happened. I am certain that if we had waited for the trade agreement to be consummated, we would have had to stay here several months later than we did. However that is past and gone.

The report of the grain commission was brought down in this house on May 9. The appropriate item under which the report could be discussed was not brought down by the minister until June 30, the day on which it was expected parliament would prorogue. His excellency had arranged passage and was to sail on July 1. Many of us wanted to speak on the grain commission report, but it would have been very unpopular for us to have taken time to make our speeches when the whole house was expecting parliament to prorogue perhaps within a few hours. We all know the result. One hon. member from the government side spoke upon the report at length, and one hon. member from the Conservative party spoke on it; those two men were quite capable of speaking on it, and the rest of us felt that in order to facilitate the business of the house we should refrain from speaking. But some of us felt that it was rather unfair for this particular item to be brought down on the last day of parliament, when it could have been brought down several weeks before.

That day, June 30, wore on, and it was almost midnight when the Minister of Mines and Resources (Mr. Crerar) brought down some of his estimates. I have particular reference now to the estimate for subventions on coal, some $2,250,000. That estimate was brought down toward midnight of June 30. The subject of coal mining is of great interest to many hon. members, those from Nova Scotia and Alberta perhaps in particular. It was going on to midnight; parliament was expected to prorogue at any minute, maybe at one or two or three o'clock in the morning, and the whole house was continually crying, "Carried", "Carried", "Carried", when an item of this kind was still to be discussed. Such items as this are of tremendous importance. Nova Scotia has a coal mining industry which is very important to that province, and the same is true of Alberta. Ample time should be given for discussion of these matters. Of course I know it will be said that there is no desire to shut off discussion, but we all know how unpopular it is for one to take time to speak in those dying hours of the session when everyone wants to get away. Subsequently to that, along towards midnight the Minister of Mines and Resources brought down his estimates for highways. Some hon. members no doubt recall those particular estimates, and it is a singular fact that the appropriations to the provinces involved amounts from $100,000 to $500,000, except that the amount for Alberta was $75,000. The former leader of the opposition characterised that as being a punishment for Alberta rather than a reward. It is singular that such an estimate should be left until the very dying hours of the session.

I go a little further. That night we adjourned at twenty minutes after midnight, at which time there were still important estimates to be dealt with; estimates of the defence department; an amount of three and a half million dollars for rehabilitation; the estimates for the youth training program, and estimates concerning unemployment relief. On July 1 we assembled at 10.30 o'clock in the morning, and a message was read by you, Mr. Speaker, from his excellency's secretary, saying that the deputy of his excellency would proceed to the senate chamber at one o'clock to prorogue parliament. Still we had those very, very important items to consider. At 12.30 o'clock, about half an hour before the time set for prorogation, the estimate providing $3,500,000 for rehabilitation was brought before the committee. As we all know, one does not become very popular if one speaks at length when everyone is anxious to get away, but the item respecting rehabilitation was an important matter, concerning the drought area of the west, most of which lies in the provinces of Saskatchewan and Alberta. The peculiar thing about the matter, as far as some of us are concerned, is that there is no reason why such an estimate could not have been brought down very early in the session in order to provide ample opportunity for discussion. However, to resume, we adjourned at one o'clock and came back at three o'clock in the afternoon to continue the discussion on the rehabilitation estimate. The estimate for the

youth training program, amounting to more than a million dollars, still had to be discussed.

I am pointing out these matters because some of us felt that it was not altogether fair to us to have these estimates left until the last hours of the session. We do not wish to imply that this was done on purpose, but it is certain that these particular items were of tremendous importance to this country and should have been far more generally discussed. We want to facilitate the business of parliament; but no one can further the business of this house better than those who sit on the treasury benches, and we would ask that during this session some of these important items be brought forward in the not too far distant future in order that they may be adequately discussed. We feel that, without becoming too unpopular, we should have an opportunity to discuss these matters. We do not want to put our request in the form of a warning, but we do want to urge that these estimates be brought down early.

There are other points that we might mention in connection with the speech from the throne. I might recall that the Liberal party went into power on that glorious promise of reforming the money policy of this country, based on the theory of issuing currency and credit in terms of public need. By this time that statement has been worn almost threadbare. It is to be noticed that in the speech from the throne this year such policies are conspicuous by their absence. This year nothing is said about doing anything in the way of monetary reform. Well, perhaps it has all been done; perhaps the battle that the Prime Minister (Mr. Mackenzie King) promised to fight has been finished. We did not notice any smoke in the air; but perhaps if there was any it has been all cleared away, and the country cannot expect any more. However, I would not place too much reliance upon the fact that this subject is not mentioned in the speech from the throne, because it will be recalled that last year the speech from the throne contained nothing with regard to monetary reform; yet some time around the middle or towards the latter part of the session the Prime Minister was pleased to bring down a bill providing for the purchase of all the stock of the Bank of Canada. So perhaps a good deal of our legislation depends upon the political pulse of the country. I do not know, but last year's experience would seem to indicate that.

Well, Mr. Speaker, we in this corner of the house are somewhat disappointed that there is no reference in the speech from the throne to money reform. We have continually urged upon the government that the only solution to the problems of this country is a positive readjustment of our money policy. Nothing is being done. How much longer must we urge that action be taken? Perhaps the best we can expect is that the next time the people have an opportunity to speak they will speak in a voice that can be understood.

Mrs. MARTHA LOUISE BLACK (Yukon): Mr. Speaker, I should like to add my word of congratulation to the mover and the seconder of the address in reply to the speech from the throne. Especially do I wish to congratulate that younger member, the hon. member for Stormont (Mr. Chevrier). It has been my good fortune to know the hon. gentleman rather well, and when I see a young man speaking with equal facility in both French and English I am really consumed with envy. Ever since I have lived in this country, which has been for forty years now, and have known it as a bilingual country, I have felt it a shame that the young people of this day and age, as of forty years ago, have not been taught to speak both French and English. We have in the hon. member for Stormont a shining example of what the young people of to-day should know.

Perhaps it is unnecessary for me to touch upon the trade agreement. More and more as I come here each session I have a feeling of isolation; I feel more and more that I am alone. It is not that every individual member is not exceedingly kind and courteous; it is because of the fact that my constituency is so isolated and so far away from the rest of Canada. The trade agreement affects us not at all. In that north land we produce only the mediums of exchange, namely, gold and silver. When times are prosperous in Canada—or, as we in the north call it, on the outside—we pay higher prices for the goods we purchase. When depression is rampant throughout the country we are able to get our goods for less. So I think hon. members will understand when I say that from a selfish standpoint the trade agreement affects us not at all.

It seems to me that we on this continent are singularly blessed in the peace that we have, outwardly at least, throughout the country. We are free to use our own language. We are free to worship in whatever church we choose. We are free to move about whither we will. There is no one to say us nay, no one to regiment us as the peoples of Europe are regimented. I have been both shocked and surprised in reading papers throughout Canada

to see that other people are demanding the rights of their languages. I have not been afraid that either this government or any future government will listen to those demands, because any government must have before it the horrible example of the continent of Europe, with its multiplicity of languages, which has become a modern tower of Babel. That factor must account for much of the trouble taking place in Europe at the present time.

During the September crisis we in the Yukon heard the voice of the world over the radio. We were thousands of miles from London, the heart of empire; yet there was not a heart in the Yukon but beat in unison with the tragedy which was taking place overseas. There was no one who did not feel the greatest amount of sympathy for that Prime Minister, Mr. Chamberlain. Not only did he turn the other cheek to the enemy but he turned it several times. Certainly he must have suffered the greatest agony of humiliation when undergoing what he did. But in undergoing that, while thoughtlessly many people have said that he gave away much that he should not have given away, for the time being at least he saved the world from a horrible slaughter.

Yesterday afternoon when the Prime Minister (Mr. Mackenzie King) spoke, I heard him say that the danger was not past, a fact which I believe we all realize. Only the cool heads will be able to stave off the danger a little longer, and yet a little longer, until possibly the world may realize the utter madness of another holocaust such as those of us who are older went through between 1914 and 1918. There is nothing for a government to do but to do the best it can in times of such anxiety. Those of us who are not responsible can sit on the side lines and criticize. It is very easy to find fault; it is easy to criticize. But I sometimes wonder how much better we could have done ourselves. I doubt if there are many of us who would have done even as well. During the crisis the Yukon was deeply interested, dreading the thought of war. Yet at the same time every heart beat in unison with the empire and every person was willing to do as was done in the days of 1914, 1915 and 1916. If needs be, they were ready to answer the call of king and country.

Changing the subject very quickly, we come to the pleasant thought of the visit of Their Majesties, the King and Queen. In 1937 I had the privilege of suggesting to the Minister of Finance (Mr. Dunning) that silver coinage be issued by the government to commemorate the coronation. Not for one moment do I intimate that the minister followed my suggestion. But the fact remains that silver coinage was issued, and among my few souvenirs I cherish the coin issued at that time, as well as the silver dollar issued at the time of the silver jubilee.

We see by the papers the government will again issue souvenirs by way of silver coinage and stamps. I am particularly interested in the issue of silver because in the Yukon there is a large territory in the Mayo district devoted to silver lead mining. As hon. members from British Columbia will no doubt point out, that province also is interested in silver mining, and anything that can be done to encourage our miners will surely be of infinite help to that class of people, upon whom many governments depend.

In the royal couple about to visit this country we have a fine example of manhood and womanhood in the British Empire. Suddenly these two people were called upon to fill a staggeringly difficult position. Neither one of them had trained deliberately to occupy a throne. Her Majesty Queen Elizabeth is a commoner, though of royal descent through the female line. The king was a prince occupying a secondary position. Yet in the twinkling of an eye those young people accepted a huge responsibility. No one in the world can say they have not filled the position thus far with grace and dignity not only to themselves but to the empire at large. Courageously and prayerfully they are carrying on. We owe them a great debt and our best efforts to make their lives happier and easier. They are coming to Canada and from one end of the country to the other every respect is to be shown them.

Unfortunately the Yukon is not to be visited by the royal couple, but I am free to say that Yukoners one and all feel a steadfast loyalty and fealty to those young people who are carrying on so bravely and so well. Possibly they are fortunate in the example which has been set them by the late King George V and his royal consort Queen Mary for whom the world has the greatest affection. Although I was born and brought up in the republic to the south of us, from girlhood I was trained by a grandmother who had strict old country ideas, and later by the sisters of the Holy Cross I was taught to look on England as a shining example of what royalty could show to the rest of the world. That was taught, despite that conduct of England towards the colonies which made them rebel. Queen Victoria, later her son, then her grandson and then her great grandson have all been

familiar figures to me, both from reading and through conversation at home and at school. I have lived here now for forty years and have grown to realize what this country can be, what it has been and, pray God, what it will be for many years to come.

It is possible that the most interesting thing to us in the Yukon at the present time is the Alaska-Yukon highway. Many years ago the building of the road was advocated, and I well remember when Mr. Tolmie, the then premier of British Columbia, in the company of his ministers, took a trip as far as he could in northern British Columbia. My husband was appointed a member of the Canadian commission, and he now has in his office hundreds of photographs, surveys, letters and reports dealing with that road. I could give to the house a hundred reasons why the road should be built, and possibly I could give as many why it should not. If the road is built, I trust that men who know that northern country will be put in charge. It will be an enormously expensive work. The government of Canada cannot afford it, and certainly the government of British Columbia, debt-ridden as it is, cannot afford it.

We are told by the public men of the United States that that country wants this road for defence purposes. We have to face the fact that should the United States be at war, Canada would be at war. We have to face the fact that if any untoward incident brings Canada into a war, the United States will be at war. That country could not stand by and see Canada fall. That would be impossible. She would not allow foreigners to touch Canadian territory any more than we would feel that we could allow foreigners to touch United States territory. The United States wants the road, and if the government is going to allow it to be built, I would urge that the United States be asked to pay every cent of the cost of building the road through Canadian territory, employing only Canadian labour and giving to Canada a free port of entry at Skagway. Some hon. members may smile at the mention of a free port of entry at Skagway, but we have a precedent. A free port of entry was allowed during the reign of Queen Victoria at Sault Ste. Marie and in the Gaspé.

Mr. FINN: I am in favour of a free port.

Mrs. BLACK: I believe that was done in 1860, but the permission was revoked after six years. At one time there was a Canadian customs office in Skagway. The stars and stripes and the union jack flew side by side. That was a great convenience, but unfortunately some one with more of what he thought was patriotism than brains objected to "that rag," as he called the union jack, flying in God's country. I was not a British subject at the time, but I stepped up to him and I said, "Another fool"! He looked at me and said, "That is like all you English women." I said, "As it happens I am the eighth generation born and brought up in the United States." I told him that that had been done for the convenience of Yukoners going through United States territory. I told him that the United States would have to apologize, that Canada would have to accept the apology, but that the Yukoners would have to have their baggage and other possessions examined at the summit. So I suggest that if the road is built, it should be understood that we have a free port of entry at Skagway.

It is difficult for Alaskans and Yukoners to put up with the tariffs between the two countries when they pass from one country to the other. Perhaps this trade agreement of which we have heard so much will change conditions, but at any rate if the road comes to pass, as it probably will—the Hudson Bay railway came to pass—we should try to get the best bargain we possibly can. My confreres in the United States are good bargainers. I say that without any disrespect. I come from a family of down-east Yankees who made money selling wooden nutmegs. If they could do that then, I am sure they have not lost that ability at the present time.

When coming to the house many members display a spirit of optimism, while many others display a spirit of pessimism. We in the Yukon have been greatly favoured by not having the large numbers of unemployed that you have on the outside. A few drifters came in this summer, one or two of whom did not want to work. However, I must say that I believe I could count on the fingers of one hand the men who did not want work. One man came to me and said that he was tired of trying to get work. I asked him if he had tried pick-and-shovel work. When he told me he had not, I asked him what he had come there for. He said, "I heard you say that the Yukon was a place where every man could get a job." I said, "I may have said that, but what I meant was that every man who wanted a job could get a job provided he was willing to do gruelling, back-breaking work." I told him he could not get anything for nothing in that country. He leaned back and looked at me and said that I was a fine member. He told me, "The government has to take care of me or else send me out." It is not often that I lose my temper, but I did then. I used language that he understood. I am sure

you would ask me to retract that language, Mr. Speaker, if I used it here. I said to him, "Why don't you walk from here to Skagway?" He said, "How far?" I told him it was only about four hundred miles. He said, "What do you mean by insulting me?" I said, "My husband and my brother have walked that distance and they are much better men than you will be even though you live to be a thousand." He said, "This is no country for a white man to live in." Under the circumstances, I was forced to agree with him.

The Yukon is a good country; it is a cruel country; it is a kind country; it is a wicked country. It is a country that you can love; it is a country that you can hate, depending upon your attitude. I have lived there for forty years; I have travelled from one end of Canada to the other, as well as across the United States; I have travelled overseas; but I have never in my life seen a country that could thrill me as does the Yukon. We have our cruelties; we have our hardships; we have our glories, and we have our magnificent summers. We have our flowers, our vegetables, our gold and silver, but only when we work for them. If we come down here, it is because we have worked, not because we have sat back and folded our hands.

I wish that hon. members were more familiar with that country. Then, instead of smiling when I ask for a favour, instead of thinking that the Yukon wants all and gives nothing, they would remember the many men from that part of the country who have paid off the mortgages on their farms; they would remember the many men who served overseas during the great war. Out of a population of less than 5,000, over 500 men enlisted before conscription was brought in. All of us are ready to serve this country in time of peace and in time of war. We pray for the glory of peace and hope for its beauty.

Mr. E. O. BERTRAND (Prescott): Mr. Speaker, in my first attempt to speak the language of the majority in this house, may I crave your indulgence, and ask my colleagues not to be too severe in their criticism.

The hon. member for the Yukon (Mrs. Black) will undoubtedly forgive me if I do not follow her in her remarks. But I want to say that I am always very much interested in what she has to say to the house and also in the interest she takes in the far and cold country that she inhabits.

I also want to congratulate the proposer and the seconder of the address in reply to the speech from the throne. The hon. member for Brandon (Mr. Matthews), a newcomer in this house, has surely done credit to himself and to his constituency; and the hon. member for Stormont (Mr. Chevrier) has shown once more that he is well informed in politics, that he is a good debater, that he is a thorough bilinguist, and one for whose future his compatriots have great hopes.

As was so well said in the speech from the throne, every citizen of our country rejoices in the coming of our sovereigns to Canada this year. We French-Canadians are proud to say that we are not the ones least honoured by this visit. Might I suggest that when Their Majesties King George and Queen Elizabeth are in Ottawa, the capital city of Canada, we as the first civilized settlers in this country should have an official representative to express in our own language to their majesties our homage, our past and present loyalty to the crown, with the strength of our traditions and our true aspirations for the future.

Might I express on behalf of my compatriots and my constituents our wholehearted gratitude for the non-committal attitude taken by the Prime Minister (Mr. Mackenzie King) and his government during the dark days of the European crisis in 1938. It is, undoubtedly, similar steps that are conducive to the maintenance of peace in the world. Canada can be proud of the attitude of its Prime Minister and its government in that instance, and, by the way, of the cooperation that was given to the government by the Leader of the Opposition (Mr. Manion).

It is also refreshing to consider the friendship expressed to other nations by our government in the conclusion of trade agreements with other parts of the world, but principally at this moment with the United States of America. We are all sure that every part of our dominion will greatly benefit from that new trade agreement. The last trade agreement between the United States and Canada brought a great deal of comfort to our population, and we hope for still better consequences through the new regulations which are placed in the present trade agreement.

Here, I think, it would be only timely to suggest that special attention be given to trade possibilities with the countries of South America, where there is a population of eighty-five millions of people, who produce commodities which are not produced in our country and who necessarily buy commodities which are produced in the country we inhabit. Let us hope that goodwill will be the governing factor in all our relations with other

countries, and that this point of view will be always fully considered when questions of armaments and defence are under study. May I add that my compatriots dislike war; they have a very strong feeling against it, and they are not always ready to approve any move which looks like preparation for it.

Everyone regards with anxiety the unemployment problem in Canada. I do not hesitate to say that this is a very difficult problem, and that probably too much was said during the past year to the effect that it should be treated as a national question. I am not afraid to say in this house and elsewhere that this problem should be dealt with in all instances by the nearest competent body, by which I mean the municipality. Outside of large cities, almost every family is known intimately by the mayor, reeve, aldermen or councillors, or any one of them. May I then ask who is in a better position than they are to deal with these individual needs and these problems which arise in these different places? Instead of taking the matter away from them I would suggest rather that adequate assistance be given to those municipalities where the situation is the worst; it should not be removed from those who are best able to make the people understand that, after all, the state cannot give them a living for all time.

For this reason I am pleased to learn from the speech from the throne that a public works program will be undertaken by this government to face the situation, and also that laws will be made to help local work programs and local improvements. In making this statement may I venture to say that we should not fritter this program away by asking for problematical provincial guarantees when these works are done by the municipalities. The said guarantees have been given by some provinces and refused by others in the past year, and some municipalities which are positively in a good financial position are therefore denied the privilege of benefiting from the agencies to help unemployment in their districts. If the necessity of a provincial guarantee is enforced, I am afraid the result will be that work will be done in places where the security is problematical and will be refused to municipalities where a great deal should be done by way of local improvements and that this would be justified to help the situation as regards unemployment through loans so granted for local improvements.

Passing to another item of the speech from the throne, I want to say that there are no more important works than the youth training program. We are all satisfied to learn that it will be continued and enlarged. Youth is the future of our country. Means should be taken to help each and every young man to improve his situation and to give him some help to learn some trade or craft so that he may be able to make his own struggle in the development of the future of our country.

I wish now to make a few comments on the paragraph of the speech from the throne which reads:

> In order to avert economic disaster to a large part of our population, my ministers, under the terms of the Wheat Board Act, approved, for the current crop year, an initial payment for wheat as recommended by the board.

In this paragraph I take the words, "a large part of our population," to mean the population of the prairie provinces. I hope it is unnecessary for me to give further explanations to convince anyone of the correctness of this interpretation. For a few months now we have seen all sorts of articles and propaganda concerning the difference in the situation as between eastern and western Canada, and when I speak of western Canada I mean the prairie provinces. Comparisons have been made in this propaganda on platforms and elsewhere. It is sufficient to say for the moment that it is unfair to compare the problem of the prairie farmer with the problem in eastern Canada when you take into consideration the secondary industries in other parts of the dominion.

Let us examine the position of the prairie farmers and that of farmers in other parts of the country. I desire first to present figures with regard to the rural population of Canada. These figures, which are taken from the Canada Year Book, 1938, at page 145, are as follows:

Prince Edward Island	67,653
Nova Scotia	281,192
New Brunswick	279,279
Quebec	1,060,649
Ontario	1,335,691
British Columbia	299,524

This is a total of 3,323,998 or 69·20 per cent of the total rural population in Canada. Now let us take the prairie provinces. The figures are:

Manitoba	384,170
Saskatchewan	630,880
Alberta	453,097
Northwest Territories	12,593

This is a total of 1,480,740, or 30·80 per cent of the total rural population of the country. What about the returns of this

rural population in different sections? In 1938 the prairie provinces' proportions of Canadian production were:

Commodity	Per cent
Wheat. .. .. (335,430,000 bushels)	93·0
Cattle..	46·1
Hogs..	38·2
Sheep..	45·3
Eggs..	42·1
Butter..	36·8
Milk..	28·0

From these products they enjoyed a corresponding ratio of revenue. In other words 30·8 per cent of the rural population of Canada produced the proportions just enumerated. But the prairie provinces did not enjoy this bountiful production only in 1938. Let me quote from the special edition of the Ottawa *Citizen* of January 13, in which there appeared an article dealing with the resources of western Canada. This special edition of the *Citizen* gave the situation very fully. It is most interesting reading and is enlightening to anyone who takes an interest in the problems of the farmers in different parts of the country. I quote:

> In the past twenty years cattle on the ranges and farms of the prairie provinces numbered on the average 3,500,000 per year. These cattle had an average gross value of $130,000,000.
>
> The marketings of cattle from Manitoba, Saskatchewan and Alberta over the twenty-year period under review averaged approximately five hundred and twenty thousand head. These marketings provided an average gross income from cattle of $48,000,000.

Let me give some other figures to show that this bountiful production did not characterize only 1938. I quote again from the same review appearing in the *Citizen* of January 13. I have already given the figures for 1938.

	1934	1935	1936	1937
Value of cattle..	$ 11,747,540	$ 18,815,284	$ 21,595,225	$ 28,294,208
Value of calves..	1,208,336	1,991,236	2,307,959	4,143,213
Value of hogs..	25,601,235	24,654,448	28,535,492	28,396,707
Value of sheep..	1,722,244	1,676,906	1,981,045	2,128,938
Total value live stock..	40,279,955	47,137,874	54,419,721	62,963,066
Value of dairy products..	37,357,000	39,419,538	44,502,022	46,761,300
Total value live stock and products	77,636,955	86,554,412	98,921,743	109,724,366
Wheat production (bushels)	263,800,000	264,096,000	202,000,000	159,000,000
Value of wheat production..	$153,368,000	$159,677,000	$185,580,000	$157,560,000

True, these provinces, in spite of the revenues I have mentioned, suffered from drought. On that ground the assistance to these sections provided by this parliament was never questioned. But compare the aforementioned revenues with the revenues of the farms in other sections of Canada. Not that I have any grudge against the guarantee of the price of wheat that was given to the west by the government, but if it can be given to the west my contention is that it can be given to other parts of the country as well. When these provinces joined confederation, it was to be supposed that their administrations would increase their services in about the same ratio to population as other parts of Canada. Let me state that the cost of education in the prairie provinces has increased six times more than the increase in population, and the cost of public services has increased thirty times as fast as the increase in population.

In the east it will be found that people managed to make both ends meet; this was done by economy and thrift. And may I say that the further east you go, the thriftier are the people. If anyone took the trouble to visit parts of the maritime provinces and see what the fishermen of that country live upon, he must admit that they must be thrifty, and very thrifty. But many slices of the savings of the people of the east by thrift and economy were taken in taxes to help the prairie provinces in one way or another. I shall not undertake to state amounts so transferred or to state the help given to that part of Canada; but I do say that if in order to avert economic disaster in the western provinces it was necessary to fix a guaranteed price of eighty cents a bushel for No. 1 hard wheat f.o.b. Fort William, it is the opinion of the farmers of the east and of other parts of the country who have been really battling with troubles and difficulties in the last few years, who were also hard hit by the crisis or by poor crops, that it is also necessary to fix and guarantee a reasonable price for commodities produced by the agricultural population in other parts of Canada, shall we say cheese, or butter, or potatoes, or maybe wheat, oats and barley, seed clover or timothy, or vegetables, and all commodities sold—may I draw attention to this proviso—sold at less than cost of production in this year or past years.

The farmers of my county strongly oppose price fixing by the state. They claim that this is something which governments should

not undertake. They claim that it is far from Liberal policies. But if it is to be done, let it be done so as to do justice to farmers in all sections of the country. May I add, let it be done to do real justice to all classes of the population.

Let me end my remarks with one quotation from an address delivered by Premier Bracken of Manitoba as reported in the Ottawa *Citizen* of January 13, 1939, at page 6:

> No large economic area of the country can for any length of time remain impoverished by failure of federal policies to secure markets and during this period be expected to meet its indebtedness, or be enthusiastic about national unity.

Of course this declaration is not made by anyone in the east. But if this declaration can apply to the difficulties of the farmers of the west, I say it is doubly applicable to the farmers of the east in the past year, and it is my plea on their behalf on this occasion.

In this great Canada of ours, for whose future we have great hopes, we want to build for this future on unity of population and an equal chance for all. I do not want to be too severe or to condemn what has been done; probably the situation was urgent, and it was practically impossible to do otherwise than fix this wheat price for the west for last year's crop; but let me say that to promote this unity and have our people feel that they are given an equal chance, I simply thought it my duty to raise my voice at this moment and to plead for just and fair treatment for all, to make this Canada of ours a place in which all will be satisfied to live and where people will feel that all are on exactly the same footing.

Mr. T. A. THOMPSON (Lanark): At the outset, Mr. Speaker, I wish to express my deep gratitude that Their Majesties the King and Queen have graciously consented to visit Canada. We have in this country our differences, political and otherwise; we have men of different races, different creeds, different nationalities, different outlook on life; but we all join together in honouring the same king. And I think this coming visit of their majesties will have a great unifying influence upon the Dominion of Canada, and that our people are looking forward to their visit with great pleasure as well as pride.

The speech from the throne is rather a meagre bill of fare to be presented to this house at a time when the masses of our people are looking for leadership; when they are looking for some national policies which will give them a greater sense of economic security, and looking to be eased of their burden of unemployment and debt and taxes.

As to the proposal to increase the appropriation for defence, and particularly for air defence, I have no criticism to offer, so long as the contracts for the material required shall be honestly awarded and that precautions are taken to see that private individuals do not make undue profits out of them. The Canadian people at the present time are in no mood to countenance any further Bren gun contracts. The effectiveness of the proposal to form a defence purchasing board will depend entirely upon its personnel. If this government continues to do as it has done in the past, and to appoint political partisans as a reward for services rendered, this board will be nothing more or less than just another of this government's royal commissions that have been of no effect.

Unemployment, debt and taxes are the nightmares that disturb the peace of every thoughtful citizen in Canada; yet in the speech from the throne no mention is made of either our debt or our burden of taxation. Nor is any solution offered for our unemployment problem, nor any redress for the men and women who have been forced on relief by the policies adopted by this government, by their injurious trade agreements and by their continual tariff tampering. During the campaign of 1935 we remember with what eloquence the Prime Minister (Mr. Mackenzie King)—and he is an eloquent man—cried from one end of this country to the other that unemployment was Canada's most urgent national problem; that poverty and adversity, want and misery, were the enemies which Liberalism would seek to banish from this land. Further he said, "We take up at once, as our supreme task, an endeavour to end poverty in the midst of plenty." He also promised that the government would practise economy in the conduct of public affairs and that credit would be issued in terms of national need.

With all the eloquence at his command the right hon. gentleman used such beautiful phraseology and enunciated such high ideals, but where are the results? After every promise made by the right hon. gentleman during the last campaign can be written the word failure, dismal failure. We find that the Canadian Welfare Council, after a thorough investigation of the whole situation in Canada, said that no fundamental attack upon the serious national ills which have occasioned these heavy expenditures had been taken by the present government. That is an expression of opinion by a non-partisan organization

in regard to what has taken place in the last three years. We have spent $900,000,000 and we are no better off than when we started. There is no improvement to-day.

It is quite true, Mr. Speaker, that the former right hon. leader of the opposition (Mr. Bennett) made promises in 1930. He said he would end unemployment or perish in the attempt, but of the right hon. gentleman and the government of that day it must be said that they did introduce those principles and policies which under normal conditions would have brought prosperity to this country. Hon. gentlemen opposite forget that from 1930 to 1935 the government of the day was piloting this country through the greatest depression the world has ever seen. But the present government, in normal times, has failed to redeem the promises it made to the electorate. The commission on employment and the trade agreements which have been negotiated by this government, and which it hoped would bring great prosperity to this dominion, have not relieved our economic situation, and as I travel throughout Canada I find that the people are tired of the present physician and are crying aloud for a new doctor to heal their wounds, a new leader to bring them out of this wilderness.

Increased trade, world trade, as advocated by the present government, will never solve our unemployment problem. A nation that depends for its economic welfare and security upon its exports to foreign countries places in the hands of the foreign buyers the prosperity of its people; for it has absolutely no control over the markets to which it sends its goods. Industry and agriculture in this country are not enemies; they are partners in our development. Agriculture supplies the raw materials; industry supplies the manufactured articles, and they must work in cooperation. In future, industry, to a far greater extent than agriculture, must take up the slack of our unemployment. As farmers, we are producing a surplus of every food that can be profitably produced in Canada. We are not only feeding our own people; we are exporting large quantities of foodstuffs. But what about our manufactured articles, our machinery, our clothing and everything in the manufactured line? At least fifty per cent of it is being bought from foreign countries. We are sending our money out of this country instead of building up markets for our farmers at home. After all, with the exception of wheat, we consume over ninety per cent of our agricultural products at home, and when we build up industry here we build up markets for the farmer. The greatest market the farmer has to-day consists of the men and women engaged in the industrial life of this dominion, who are non-producers of agricultural products. When we build up industry we build up agriculture and the country prospers, but the very moment industry is at a low ebb we find our farmers in distress.

I represent a constituency in which there are many large textile mills. Between 1930 and 1935, when a Conservative government was in power, many of these mills ran day and night. What is the situation to-day? One of the largest mills in my riding is closed while several are running only part time. When I was home last weekend I was talking to the owner of a great mill, who told me that between 1930 and 1935 his mill ran day and night. To-day it is running only three days a week, and his goods are not being sold but are being put in storehouses. He said, "I am running my mill because I do not want to have my people go on relief, I am trying to retain my employees." The men and women who are getting relief to-day are not the people who are suffering the most. We have a class of people who are being employed only two or three days a week, who are earning just enough to keep body and soul together, and who are too proud to ask for relief. These are the people to whom my heart goes out.

In the county of Lanark there is one mill which is at present running day and night. That mill is manufacturing cloth from shoddy. I went to examine it the other day, and the proprietor told me he did not buy one pound of wool. It is a good looking cloth which he sells to the ready-to-wear clothing manufacturers who, in turn, produce cheap suits. The policies of this government have so reduced the purchasing power of the average person that he is not able to afford to buy a good suit of clothes. The mills making good cloth are idle, while this mill, turning out a cheap quality product, is running day and night. That is the condition in which we find industry.

The policies of the present government have not effectively dealt with unemployment, much less solved it. The situation is as it was when the government took office, unemployment is still Canada's greatest national problem. If we work together in unison, I believe there is not any problem concerning the whole country which cannot be solved by the combined effort of our Canadian people. But if we are divided we are lost.

A few years ago, prior to this government taking office, internal discord was a cloud on the sky no bigger than a man's hand; to-day it darkens the whole horizon and threatens the very foundation of our confederation.

Canada is fast disintegrating into nine sovereign provinces. Where is the dream of the fathers of confederation of a great, united Canada? Where is the happy family of Liberal governments the Prime Minister predicted before the last election?

Reference was made in the speech from the throne to the Canada-Uuited States trade agreement which I shall not discuss at length at the present time. I trust I shall have an opportunity to make further observations when the agreement is before the house.

The speech from the throne offers no relief to the already overburdened taxpayers of Canada. We cannot continue this process of pyramiding our national debt and yearly adding millions of dollars of deficits. If we do so continue a huge debt will be left as a burden on our children and our children's children. Are we going to pass this country on in that condition to those who will come after us? That is not the way in which we received it from our forefathers, and it is up to us to see that we pass it on without unduly hampering those who will come after us. Posterity will have enough problems of its own to solve without the people of this day heaping ours upon their backs. Let us bear our own burdens. The eleven million people in Canada are to-day carrying almost all the taxation they are able to bear. I should like to see it made compulsory for every government to live within its means and to balance its budgets or, failing that, to be placed in a position, except in case of war, where it would be obliged to resign and go back to the people.

The speech from the throne was replete with beautiful phrases which meant anything or nothing, but which were characteristic of the present do-nothing government. I was surprised last evening as I listened to the Prime Minister (Mr. Mackenzie King) twitting the Leader of the Opposition (Mr. Manion) with lack of patriotism. When the great war broke out, there were in Canada people in the prime of their lives who had no families and who could have rendered good service to their country, but instead of that they slipped quietly across the border into the United States and secured good positions. Following the war they came back quietly, when they thought all was quiet on the western front. Compare that, I say, with the record of the Leader of the Opposition. When war was declared, he was a married man with a family of small children and with one of the largest medical practices in central Canada. He was rapidly becoming one of the most promising surgeons in Ontario. What had he to leave? He left his wife, his family and his business, donned the king's uniform and for three years offered his life in the defence of Canada. It ill becomes the Prime Minister or any other man to twit the present leader of the Conservative party with lack of patriotism.

I ask in all sincerity: Whither is the Prime Minister leading Canada? Whither are we bound?

Mr. MacNICOL: Up a back street.

Mr. MARTIN: To victory.

Mr. THOMPSON: His first act after the election of 1935 was to hie himself to Washington and, while there, sign a trade agreement which the leader of the former government (Mr. Bennett) had refused to sign because, big business man as he was, he realized that its provisions were detrimental to the best interests of the Canadian people. What has happened since then? Since that trade agreement became effective, our exports to the United States have fallen off every year and our imports have increased by millions of dollars. The former leader of the Conservative party foresaw that.

Last year, 1938, the Prime Minister sent a few civil servants to Washington, and, while there, they negotiated a trade agreement bargaining away Canada's birthright for a mess of pottage. In 1932, when the trade agreements were signed in Ottawa, my former leader called a special meeting of parliament and placed the agreements before it for endorsation prior to their becoming effective. He did not ignore parliament or the elected members of the house. What about later trade agreements? In 1935 the present government signed a trade agreement on the first day of January and called parliament together a few weeks later. Then the government's supporters were jumping up like a lot of jacks-in-the-box voting for something which had been in effect before being presented to parliament. What about the trade agreement which was signed recently? It became effective on January 1, 1939, and parliament was called on January 12. Again members of the House of Commons have been utterly ignored. Where is responsible government going? Where is our much boasted democracy? We have a government that has been governing this country without paying proper respect to the members of this house. We have had orders in council. We have had royal commissions in connection with which many of their Liberal lawyer friends were paid daily fees that they could not possibly earn in months in their own business. Some of them have drawn in fees during the last three years between $30,000 and

$40,000 from the public treasury of this country to produce reports similar to the one the hon. member for Témiscouata (Mr. Pouliot) threw on the floor of the house last session stating it was fit only for the waste-paper basket. That is how hundreds of thousands of dollars of the money of the taxpayers of Canada has been spent in the last few years.

What this country needs, and needs in the worst way, is a public conscience. We must arouse a public conscience in the electorate. If a government have been honestly and wisely discharging the duties of their office; if they have been fulfilling the promises made to the people, then I say that they have every right to be returned to office. If they have not, then the people should tell them so with no uncertain sound. We have been prone to form ourselves into political camps. We are too ready to go out and fight for our side as we used to do in school when playing football, lacrosse or some other game. We have been fighting for our own side. Let us awaken in this country a public conscience so that any government, I care not what it may be, will be afraid to go back to a discriminate electorate when they have not faithfully, honestly, and wisely discharged the duties of their office.

I do not wish to speak at any further length at the present time, but I think we should cease harping on the past. I know that the Conservative party has nothing to regret in that regard. That party has had a glorious past in Canada. It has been associated with the development of this country and it has a record that we are proud to bring forward. But let us live for the present and for the future. That is all that matters. Let us like business men face the problems that confront Canada. Let us cease this party strife. No grain is ground by the water that passed by the mill yesterday.

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, as a member from Manitoba I was proud of the performance of the hon. member for Brandon (Mr. Matthews) who moved the address in reply to the speech from the throne. After three years of association with him in this house I was prepared for the eloquent speech of the hon. member for Stormont (Mr. Chevrier). This is the first time I have risen in my place this session, and I should like to say to the leader of the Conservative party (Mr. Manion) in this house that as a western Liberal I was delighted over his elevation to his present position.

But it is of more serious things that I would speak. The people of Winnipeg South rejoiced to learn of the visit of their majesties. I can say on behalf of the people of that city that when that visit does occur, their majesties will indeed receive a royal welcome.

Since this house met last, the world has walked in the valley of the great shadow, and it continues. I think every hon. member and every person in the country are delighted over the fact that for the moment at any rate the dark clouds have lifted. But the whole experience has left a bitter taste in the mouths of many of us. We have deep apprehension because we have had a glimpse of ourselves as people. To say the least, this has been disconcerting. The conclusion has been forced upon many of us that after twenty years we have learned nothing. Diplomacy as practised in the world to-day is not something that decent people can view with any degree of complacency. When we view the welter of hypocrisy, timidity, treason and greed, it is poor consolation to remember that a year ago most of what has happened was predictable and was predicted in this house. Then we might have said as was said in the sixteenth century, I think by John Selden:

> Thou little thinkest what a little foolery governs the world.

There is little profit in evaluating the past unless we are to learn from our observations, unless we can hope to use the lessons of the past as a guide in the future. Here at the beginning of a new session we had better realize again that yesterday is gone, that to-morrow never comes, and that to-day waits while we hold post-mortems on yesterday or build fanciful structures on the sands of to-morrow.

I think if an object lesson were needed by members of this house, this new session provides an excellent one in the passing from this chamber of the previous leader of the opposition (Mr. Bennett). We have watched him in recent years fighting a rearguard action inspired by a political philosophy that may never again become invigorated in Canada. He made the assumption of infallibility seem more impressive than truth. He was a product of an age and generation when every Canadian boy knew that if he minded his own business, worked hard and saved his money, he might one day make a million dollars and be Prime Minister of Canada. The last great exponent of that theory having accomplished

both, we can now turn the page and gaze on the reality of the opportunities of youth in Canada in 1939.

The last three years have been years of accomplishment. For what has been done we shall have no lack of praise and explanation, of criticism and condemnation. Neither my tongue nor my temper is suited to the task of flattery. Even honest praise, well merited, must for me be tempered by the meaures of opportunity and need. First, have we done that which was crying out to be done? Second, have we done all we might have done? I think it was Rousseau who envisioned men as being born free and equal and everywhere in chains. To-day, of freedom and equality we have still precious little. Unhappily only a few voices are raised to cry out against this condition, and man is everywhere in chains. Even in Canada, where as yet we keep the outward and visible emblems of liberty, the substance is disappearing. We have given too little thought to the preservation of our heritage, forgetting the truism that eternal vigilance is the price of liberty.

I find the most disconcerting evidence of that in the youth of the world. Irreverence, independence, intolerance, is the natural heritage of youth. Do we find it? We do not. I suggest that we find indifference, dependence and docility making great inroads into the spirit of youth. My generation has been called the lost generation. We were those who were young in the war. That was tragedy, but a worse tragedy threatens another generation who may yet be called the legion of the damned. Damned to what and by what? Obviously I do not mean that they are damned morally, spiritually or for the hereafter, but I do suggest that it will take superhuman effort to salvage them economically, at least from a condition of affairs not of their own making. They are a generation in economic chains and their political liberty is, I submit, threatened. They ask us what can be done. For my part I answer—honestly, as youth ought to be answered—in so far as their immediate economic liberation is concerned I do not know what anyone can do that they cannot do for themselves. But I think that there devolves upon us in this house a duty to preserve, for them particularly, the political liberties which they might in their extremity be tempted to forego. I am not a revolutionary. Time was when perhaps I was, but now I would be prepared to build before I would be willing to tear down. I suggest that we have not exhausted the avenues of approach to work. Although I have nothing but praise for the long term policies of the present administration, I suggest that a wasting generation cannot afford to wait.

We have not examined to my satisfaction the possibilities of making industry bear its own burden. It is nonsense to say that they can pay no more. They are bearing the burden and adding to it by the wasteful systems of exploitation of labour which I am sorry to say are current in the country to-day. They are bearing the burden and adding to it. Labour pools do exist in this country; they are increasing at the present time, and this particular evil is getting by unnoticed in the guise of seasonal unemployment.

What do we need? What is our Canadian objective for youth, for mankind? Do we adopt the materialistic Huey Long concept of a radio and a two-car garage for every home, or do we seek some measure of competence, a reasonable hope of security in labour, and a world at peace where men and women work out their destiny with some relationship between ability and reward? When this or any other government is criticized as a do-nothing government, almost always the foremost critics are those who are wailing because the government has done nothing for the critic or the critic's business or the interests that are lying near and dear to the heart of the critic. Most of those who are contributing to the undermining of our democratic order proceed selfishly and without reckoning the cost. Most of those whether they are young or old, who decry governments, criticize politicians or damn the system, are howling because in some way they hoped to live off the taxpayers and have not succeeded. Is it not time that we in Canada faced up to this attitude? Why should governments do anything for the individual? What is the function of government? What are the oft orated rights of youth? Is not this the function of government and the main right of youth, that the government should see that every youth has a chance to exercise his talents within the range of opportunity available? Because too many youths desire to be doctors, should the government poison people to bring them patients; or because there is a desire on the part of too many people to be architects, must we go on forever and ever building government buildings in order to employ them?

We have a youth problem in western Canada. There is nothing new about youth problems, but they are new to us in the west. Three decades ago the youth problem was

an eastern problem, easily solved because the frontiers of the west were calling to the second and third and fourth sons of back concession farmers, presenting an opportunity which has departed from this country at the present time. The young men of the east, more than eastern dollars, builded western Canada, and the youth of the west too was quickly absorbed in an ever-expanding economy. To-day there is no new frontier other than the north. Truly as yet the limits of northern development are far from being reached, but it has also little appeal to many of a generation who have been educated to "ask, and it shall be given unto you." I do not blame them. You cannot blame them; but we can and we should blame ourselves, and in my opinion it is time to stop.

Whenever the largesse demanded by the indigent is threatened, the venerable leader of the Cooperative Commonwealth Federation (Mr. Woodsworth) thunders in effect that to those who ask for bread we offer a stone. I ask, cannot discussion ever be honest? The choice is wider than to give bread or a stone. Why not recognize the fact that organized society is being blackjacked into providing for some at least who insist on pointing their lives in one particular direction or else sit tight and let someone else do it. We have a youth problem in western Canada. During the civic elections in Winnipeg I heard a young man say, and I took down his words, "I spent years in preparing myself for a responsible position." He should have prepared himself for a job. Responsibility comes with experience, not with education. Education should speed up the process.

The economy of the west is still agricultural, and no economy can provide for youth which plans to live off it rather than in it. In Winnipeg the Cooperative Commonwealth Federation has been loud in its condemnation of the farm placement scheme. Naturally. That party has thrived by organizing the discontented, the dissatisfied and those ever ready to follow any glimmer that promises to lessen their responsibility for their own existence. That party has no interest in an agricultural society save to exploit the farmer's real or fancied grievances for their own political advantage. That party is the real parasitic, political growth, battening on misery and discontent. Please bear in mind that I deliberately discriminate between my friends of the labour party and their political associates in the Cooperative Commonwealth Federation.

[Mr. Mutch.]

Even in the so-called normal days between 1922 and 1930 young Canadians left Canada at the rate of about fifty thousand a year. Why? Who were they? Hon. members know the answers. Were they farmers, miners, fishermen, lumbermen? In the main, no. Few of them were primary producers. Many of them were educated beyond their opportunity, or so it seemed to them. They were definitely young people who could not, or would not, fit into the Canadian economy and could not live off it. And at that time we did not take care of them if they could not live off it. I am told that in one year every member of a western graduating engineering class went to the United States or to South America.

The last Conservative government while in opposition in these years wailed incessantly because we were losing these exotic blooms from our educational hothouse. In power the same party dammed up every possible avenue of approach to a job in Canada by stifling our trade and so smothering our productive industries. To-day more youths are finding work. But who are they? They are mainly the newest recruits to the ranks of youth. The boy who was too young for a job ten years ago is now refused the same job because he is too old. The generation from twenty-five to thirty-five has to be considered in Canadian economy.

Our problems are not all insoluble. Honest facing of them will pave the way to some solutions. Clearly there is no obligation to provide for employment in any particular job or profession. There is perhaps an obligation to render labour as fluid and mobile as possible. Establishment of the projected dominion government employment agencies will clearly help in that direction. I regret that no mention is made of it in the speech from the throne. If we had it, no excuse would need to be accepted. If we are to accept the theory that every man has a claim on the state for his living, then the state will ultimately have to say how he shall earn it and where. Is that what youth wants? Ultimately perhaps it offers a measure of security, but at the price of liberty. The only countries in the world without a youth problem to-day are those where youth has been enlisted in state organizations or those which are at war. The story of those states is on every front page. Is that the best the world has to offer youth? Mr. Speaker, there are those of us who do not think so. There are those of us who still contend that there is no economic necessity for the degradation of another generation of mankind. I could not help but regret that the

leader of the opposition was more anxious to prove conditions were worse than formerly than to suggest a remedy.

Those of us who hold this view ask of our government two things, both of them within their power to do. They are these: First, that they stand four-square for peace, not for the hope of peace, not for peace if the price is not high, but for peace that is absolute. How can they do so? We believe that this and any government can foster peace and security by being well informed and by backing reliable information, by being always on the side, not of sentimentalism, not necessarily of nationalism, but, on the highest of all grounds, of morality, the expression of which is justice. Paradoxically, it is possible that justice can be done only by force, but our government must know; they must not be swayed by hysteria, emotionalism, sentimentalism, or business expediency. When we know, then we can act. When we know, we must not count the cost because, secondly, we believe that the cost of failure to restore confidence and friendly relations in the world is ultimately either a war which will eliminate western civilization as we know it, or alternatively the complete break-down of world trade with the inevitable result of starvation in a world of plenty and an equally inevitable world revolution.

Fear holds the world in its thrall. We ask our government to join in with each and all who will contribute in any degree to the re-establishment of good relations among men.

We are proud that our government has been a party to the recent tripartite trade agreements. The immediate economic results can be left to consequences. Those who believe as I do are confident that the results will be good.

But, sir, some of us are more impressed with the political significance of the trade agreements. We see the dawn of a realization that no nation can live to itself alone. We see the faces of the two greatest creditor nations turned to the sunlight of freer trade and better relations with the world. We rejoice that the ramparts of the Ottawa agreements have been breached. We hope that they may crumble to the inglorious dust whence they came. Born of fear, they throve to engender hate. For the mirage of momentary advantage we conspired with our commonwealth associates to encourage the rabid nationalistic orgy which is the greatest threat to the world.

We ask our government not to be too modest. Let them proclaim to all who will hear that we are not prepared to let a generation of Canadians perish because we must wait until mightier powers show us the way to renewed willingness to do business.

The Prime Minister's grandfather had a vision of a great opportunity and a great duty. The man was matched with the hour. How often in the years of his distinguished service to his country must my leader have hoped for this opportunity to match his talents with the nation's need. He is a man of peace. He is a man whose imagination and sympathy have kept him close to the realities of human experience. He is a man of deep conviction and the courage to fight when only a fight can meet the emergency.

Here, Mr. Speaker, is the emergency. Throughout the world all that he and we have held most dear is threatened. All around us a generation of Canadians are threatened with a living death. To-day, now, is the hour to strike! The walls of intolerance that have cramped the world have been breached—behind him sits a majority unparalleled in history. Around him sit men, good company in any fight—and, sir, there is time left. Time enough, to say as Holland has said for generations: Come, let us reason together, let us trade together. Time to say again to those fearful nations of the world, let us help you to help us. We have made a grand beginning; we dare not falter now.

Two thousand millions of people in the world need bread, motor cars, machinery, lumber and iron, paper, pulp, everything that we have to sell. Two thousand millions of people await only some way to pay in order to buy all those commodities which go to make possible the higher standards of living which man to-day in every corner of the world desires. Did I say, "only"? Alas, that is but half true—other restrictions do exist, but we can do more to break down the barriers. Many of our business men lack the imagination to visualize their opportunity. Their employees tremble for fear of losing a precarious living—failing to to see the possibilities of expansion. Motor car manufacturers, for example, shudder lest they lose a part of a two or three million market and fail to see the possibilities of a seventy million market. They try to sell us motor cars on the basis of the number of eggs they eat, or apples, or fish, while the parent companies, located in the United States where they have no competition, spend their advertising dollars trying to persuade United States consumers to let down the bars against foreign imports, realizing full well that, if they do, more United States cars will be exported.

Some misguided farmers turn to a plea for permanent price protection when they

should be stiffening the determination of our government to trade our way into the markets of the world.

Professional calamity howlers urge restricted production in a world that is a potential consumer of the maximum of production. Reduce acreage, bonus acreage, combine, restrict; their tongues and pens create a new Babel.

Professional agitators yelp for the redivision of wealth, for its restriction, for social dividends, for anything and everything except the opportunity to make wealth do its real job in the bettering of the living conditions of the world.

Our people realize that we have not come to the end of the road. The Canadian public will not forever be content to be cribbed, cabined and confined by a few chiselers with a good thing, by the fear of our industrialists or their employees or the lack of courage of legislative bodies.

Canadians cannot bring about the economic millennium, but we can have the courage to make a start—this government has done so. Is it too much to hope that we shall seize every opportunity, and make new ones, to go farther along the road to the economic salvation of ourselves and the world?

Dare we falter before the often expressed fear that by trading freely we may hurt our own pampered industries? "Oh, ye of little faith!" I, for one, am confident that Canadian brains and ingenuity, Canadian capital and Canadian labour can compete and hold their own. I believe they can. But, sir, if they cannot, let us count the cost. Must we contribute to the destruction of a generation of Canadian youth to protect such an industry, as would, by its failure, admit its incompetence and uneconomic establishment? The future is not devoid of hope. In seventy years England grew from seventeen millions to forty-six millions. We are ten millions and more. We have raw materials, power, geographic advantage, brains and brawn. Capital can be enticed from cover to promote the projects of a nation that is on the march, that knows where it is going.

Leadership is essential. Since business does not give it, parliament must. Courage is needed—the history of Canada is the story of undaunted courage. Faith is needed; for faith is the bed rock of confidence. We have all faltered in these last ten years. We need a touch of evangelical fervour in our attitude toward our problems.

We Canadians need to consider our political and social creed. May I give you mine? I believe in Canada, in her vast resources, and in the courage and ability of her sons and daughters. I believe in my neighbours, in the duty I owe them, and in the brotherhood of man. I believe that the peoples of the world have a right to a decent livelihood, and that this is possible with advantage to all. I believe that "fair exchange is no robbery," and that in peace and better trade relations lies the economic salvation of the world.

To this end we have made progress. But I come again to the need of the moment. May I say that in this I am motivated by a sincere desire to see immediate succour for those young people for whom I plead. For myself I can wait for the long pull; or, if I cannot, the great constituency which I represent has come through greater adversity than my departure from the scene would entail. At this moment the greatest reclamation problem in Canada is a human one, and its slogan and watchword is, Save our sons and daughters. The speech from the throne recognizes the need and makes it known that something more is to be done. May I reiterate what I have said every session since I came to this house, that the problem has become—indeed to my mind it always was—a federal one. I am not critical of proposals which have not yet been explained, but I warn the house that the municipalities where the need is greatest are broke. Let this government assume full responsibility for employable unemployed on aid; then perhaps with this government's cooperation the municipalities may be able to cope with the problem of those employable unemployed not on aid, among them our youth. I am not fool enough to imagine that any government can by legislative act or series of acts end unemployment. I do not believe that our banks or financial system are either the bulwark or the bugaboo of our existence. We have put on money the emphasis that we should have put on morality; we examine coinage when we should probe conscience.

I would not fool around with the British North America Act for five minutes. In time of war governments assume extraordinary powers. Well, this is a struggle for survival. What if it beats a ministry, if it saves a generation? I have boasted that I know of no hon. member in this house who does not wrestle with all the earnestness and ability at his command to find a way out for our people. The sharpest-tongued partisan in this house would wear the same uniform as the rest of us to defend our homes. Are our homes more important than the flesh and blood within them? Can we not either abolish or

ignore these restrictions which hamstring the honest desire of every member, and get on with the job that has to be done? Then, if it is still necessary, we can let the lawyers argue the legality afterwards. If we can do that, then perhaps Canada-loving, Canada-serving legislators, federal, provincial and municipal, may be able to effect an approach to the settlement of the problems of our people, which is the honest desire of every hon. member of this house.

Mr. GORDON GRAYDON (Peel): At the outset of my remarks to-night I should like to pay a very well deserved tribute to the mover and the seconder of the address in reply to the speech from the throne. I was particularly taken with the splendid way in which the task assigned to these hon. members was discharged. The mover of the address (Mr. Matthews), a new man in the house, received the kind of welcome that this house is accustomed so generously to give. The seconder of the address (Mr. Chevrier), whom I have the privilege and honour of calling a very close friend, impressed, I think, every hon. member present not only with his sincerity and earnestness but also with the great facility with which he spoke the two languages in his address. Such men in public life do much to promote national unity in its widest and broadest sense. Therefore I congratulate both these hon. members.

I should also like to echo the widespread and general feeling of keen appreciation and eager expectancy so evident throughout the dominion in regard to the coming visit of Their Majesties the King and Queen. During the course of this debate many allusions have been made to that visit. The house may well spend considerable time in emphasizing the importance to Canada of the visit of these prominent personalities in world affairs. In these days of international unrest, and sometimes, perhaps, internal unrest, it is a very fine thing for Canada to experience the visit of our monarch and his consort. I am sure that throughout Canada all citizens will be vying with one another in an earnest and sincere effort to give to the king and queen one of the most spontaneous and affectionate welcomes that any monarch or ruler has ever received in the history of the world. I look for nothing less than that as far as the Dominion of Canada is concerned.

Also I want to congratulate the committee in charge of arrangements. These arrangements may not always meet with the approval of every hon. member, but with a fine regard for the king's wishes the itinerary does provide that their majesties pass through the county of Peel. I want to thank the committee for the privilege and honour bestowed upon our county in arranging that their majesties pass through that admittedly attractive part of this dominion.

It was appropriate that the speech from the throne should refer to the disturbed international situation. But it omitted to refer to the determined feeling which existed during that September crisis, and which was so prominently exhibited throughout the whole dominion; I refer to that feeling of loyalty and patriotism to the British Empire. I should like to have seen in the speech from the throne some reference made to the fact stated by the Prime Minister (Mr. Mackenzie King) just last evening, that when Great Britain is at war Canada also is at war. I was glad to hear him say that. If we are bold enough to say that ordinarily in this country, surely it is not too much to ask this government to include at this time a paragraph to that effect in the speech from the throne.

Then we have in the speech from the throne reference to a new defence purchasing board. Throughout the dominion, so far as I have been able to discover, there is not much feeling in favour of either commissions or boards. But if this board should be a strictly non-partisan and non-political organization, perhaps it will not meet with so much criticism. But here again this government is delegating its administrative duties to another commission. Whether you call it a board or a commission, it is still the same type of organization against which many people in the dominion to-day rebel strongly. I am hoping that this board shall not be just another spending body, or as expensive as other commissions which have preceded it, because a great many people in Canada, a majority of them I think, to-day are searching for means to reduce the cost of government and the burden of taxation generally.

In the speech from the throne much stress is laid upon the question of trade agreements. That is only natural. At the commencement of my remarks in regard to trade agreements may I say that I should like to see matters such as this treated in this House of Commons with a fine balance of common sense and some idea of the proportion of things. In dealing with such questions—and I know there must have been sins committed on all sides of the house from time to time in connection with matters of this kind—let us not be guilty of over-emphasis in offering criticism with respect to agreements of this kind which have not been long

in operation, and on the other hand let us not make extravagant and reckless claims in regard to what the agreements will do. Surely it must be apparent to most hon. members, as it must be to the man on the street and the man on the farm, that when someone says these agreements are going to be great factors in international peace for the future, there is quite a dash of colour added. I would not for a moment suggest that agreements such as these may not have some bearing on questions such as peace, but so far as we in Canada are concerned, we as members have a trust and this government has a trust for the Canadian people. We must never lose sight of the fact that we are trustees for the people of this country, and before this government loses itself in a cloud of international understanding it must be sure that everything is well on the ground below. To me, Mr. Speaker, that seems to be one of the cardinal principles on which we must proceed to deal with the pros and cons of an agreement such as this. I do not believe Great Britain would ask, let alone permit, this dominion to jeopardize its interests in behalf of anything so fantastic as the suggestion that has come from some quarters that this agreement means the binding together of three great portions of the Anglo-Saxon world.

It is not difficult, of course, to recall the glowing hopes which were expressed some three years ago. I remember so well the supporters of the government suggesting that the agreement of 1936 was going to do—what? Well, it was to be a blow at economic nationalism; it was to encourage greater international understanding; it was to be a great benefit to agriculture, to business and to industry in general. Let us hurriedly examine what has happened with regard to the lesson in international understanding which the agreement of 1936 was supposed to teach. I would be the last one in this chamber to suggest that this agreement was the cause of what happened; but when an hon. member suggests in this house that the agreement of 1936 was to be a great step towards a broader international understanding and a way to peace, perhaps I may be excused for very humbly and quietly pointing out that since that agreement went into effect, in 1936, there has been scarcely a moment when the tension has not become greater, until we had the crisis of September last when an armed holocaust almost resulted. I give that illustration, Mr. Speaker, not with any desire to discredit the agreement as far as it went at that time, but merely to point out the fallacies under which we may labour when we attempt to advance extravagant and reckless claims for agreements which have been scarcely entered into.

Let us look at this new agreement. May we not perhaps also remove a little of the colour from some of the statements we have heard in this house with regard to its part in international affairs? As yet I have not been able to come to the conclusion that it is going to be the means of ridding the world of the trouble with which it is confronted. I think most historians and students of foreign affairs will agree that our troubles in this world have deeper roots than the mere question of changing some of the items in the tariff schedules of the Dominion of Canada.

Let us look at the benefits which came from the 1936 agreement, so far as our people were concerned, leaving aside for the moment the lesson in international understanding to which I have just referred. Before that agreement came into operation, the balance of trade between the two countries was in favour of Canada. I am sure there will be plenty of hon. members who will say that the balance of trade is a worn-out theory; but in spite of that I should like to place upon Hansard the manner in which the trade balance was reversed, for the benefit of those who still cling to the theory that perhaps, after all, there is something in the balance of trade as far as a country is concerned. Canada, a country of eleven million people, bought from the United States last year goods to the value of $487,000,000. During the same period we sold to that country goods to the value of only $423,000,000, leaving an adverse balance of trade amounting to $64,000,000. Before the agreements were entered into, as I said before, we had a balance of trade in our favour in our trading relations with the republic to the south.

Let us consider fresh fruits and vegetables, in which I am particularly interested. In 1935, before the agreement went into operation, we imported approximately $13,000,000 worth of fresh fruits and vegetables. In 1938, after the agreement had been in operation for three years, we imported no less than $17,500,000 worth, or an increase of 35 per cent. Someone may ask, "Well, how did the agreement work"? I would not suggest that any public speaker supporting that agreement should go into any area where these fresh fruits and vegetables are produced; I am doubtful as to the welcome he might receive from some of those people.

But we must not confine ourselves entirely to that particular branch of agriculture in this country. Taking the figures for 1935 and 1938, covering the periods both before and after the

1936 agreement, I find that there was some little appreciation in the price of cattle. On the other hand, the general price level of field crops and dairy products dropped to extremely low levels in the interval. In other words, the glowing and extravagant claims made for the old agreement were not, in all instances, substantiated by the results. Of course it must have helped some lines of business, but undoubtedly it also harmed others. So I think it would be a bold man indeed who would rise in this chamber to-night and say that the old agreement resulted in any overwhelming business recovery in the Dominion of Canada.

This subject of agriculture is very near to me, and perhaps hon. gentlemen will excuse the constant references to this question by one who represents a rural area, as I do. After all, however, there is something about the condition of agriculture that some people who come from urban sections seem to fail to appreciate. I was disappointed, yes, I was discouraged to find that the speech from the throne contains nothing that looks like a forthright, vigorous or aggressive plan for the rehabilitation of agriculture in Canada. It has been said many times that national agriculture in this dominion provides the best barometer of business conditions. I agree with that statement, and would couple with agriculture the condition of the working man. Those of us who represent constituencies where eastern agriculture is carried on at its best are deeply concerned. May I point out that no one is raising his voice in regard to the reasonable alleviation of the distressed condition of western agriculture. We realize that, after all, we cannot think in Canada simply as "I"; we must think as "we," because when we speak of one part of Canada we think of it all. May I point out, however, that this year eastern agriculture has experienced great hardships and low price levels, and many farmers in eastern Canada feel that perhaps the eastern end of agriculture ought to have some measure of rehabilitation too.

Last year I listened to an eloquent exposition of agriculture delivered by the hon. member for Portage la Prairie (Mr. Leader) whom I see in his seat to-night. He pleaded with the government for assistance in promoting and arranging a market in the United Kingdom for Canadian chilled beef. There are many practical farmers in Canada who feel that in England we have a market of consumers, a great market where there is a heavy demand for high grade products of agriculture. One cannot wonder when he hears the farming population of Canada crying out for real opportunities to sell beef and bacon in the British isles. I should like to see the Minister of Agriculture (Mr. Gardiner) begin to-night on a program of rehabilitation, so far as agriculture is concerned, and provide for the farmers of Canada a market in Great Britain for bacon and chilled beef. It always seems to me—and perhaps I am wrong in my premise—that we lay too much stress upon the market in the United States. We lay stress upon a market which is not alone a consumer's market but a market which has close to it competitive farmer producers who compete every day with our products sent in. On the other hand in the great British market that is not so to the same extent. The government is losing sight of the principles and policies which will help the farming population of Canada, and should make some aggressive and vigorous move to capture the market for bacon and beef in the British isles as quickly as it can be done.

One hears a great deal of talk about agriculture being the backbone of the country. I do not mind so much hearing a farmer make that statement, but I do not like to hear anyone who has not come from a farm or who does not understand farming, make it. Every member of the house must realize that the farmer—and I speak more particularly of the eastern farmer with whose conditions I am more familiar—is to-day caught between low prices and high overhead. I believe most practical farmers realize that this is one of the greatest problems they face. A great basic industry such as farming cannot survive with the increasing overhead which seems to come with every improvement in farm machinery and farm conveniences, when prices are not proportionately higher than they were when general overhead was much lower.

The prosperity of the farmer is reflected, in good times or bad, upon every class of person in Canada. It is the nation's business barometer; let us make no mistake about that. During the discussion of the trade agreements we shall hear about the prospective benefits which will accrue to the farmers, particularly in connection with cattle and milk. I do not wish in any way to detract from the glowing picture which has been painted. I should not like to spoil a good picture, even one painted by a Liberal government. On the other hand, with great respect I should like to point out that with relation to cattle weighing over 700 pounds the duty has been cut one-half cent per pound. But our farmers are still faced with a quota which prevents them from shipping into the United States and taking advantage of the entire market,

so far as the sale of their cattle is concerned. I have made some calculations—I do not know whether they are correct—but they seem to indicate that even under the new agreement we can ship only one and one-quarter per cent of the total number of cattle slaughtered in the United States in previous years. That is not very great consideration, to say the least. It seems to me the United States farmers have taken due precautions to see to it that they are not going to meet with very great competition in that regard. Then, the agreement restricts the entry of cattle to the extent of 60,000 for every quarter year, so that when the market is good over there in any particular season we are cut down to that 60,000, again protecting the United States farmer. Let us make a simple computation. If every twelve of our farm population were to pool their farm stock in any single year for export to the United States, they would be able to ship only one head of cattle weighing over 700 pounds. If we figure it out on another basis, actually only one in every twenty-six of our total cattle population in Canada comes within the restricted quota.

Then I ask hon. members to look at the situation with respect to milk. The rate of duty has been reduced on milk entering the United States to the extent only of a yearly quota of three million gallons. That would seem to be quite a bit of milk. However, I looked up the figures, and I found that three million gallons means only one gallon in every 570 produced every year in Canada, or four gallons for every farm in the dominion. These figures may sound fantastic, but may I point out that the milk production in the county of Peel, which I have the honour to represent, is no less than nine million gallons per year. We produce in that county three times as much as the government permits for the whole of Canada under the quota. I repeat that in that one county we produce three times as much milk as under the new agreement there may enter the United States under the lower tariff rate. I do not wish to criticize the government unduly, but I must say that they will have to pardon me if I say that this is not likely to revolutionize agriculture to say the least, and is not likely to put our dairy farmers and cattle breeders in the higher income tax brackets for the year 1939.

May I draw the attention of hon. members to one further important matter. In the town of Brampton, which is in my constituency, there are cut-flower producers, about whom I have spoken many times in the house. We have been affected in that connection by a reduction of fifteen per cent in the duty on cut flowers coming into Canada. I must admit that a similar concession has been granted on the product entering the United States, but we must remember that climatic conditions in the two countries are entirely different. The cost of production in one country cannot be compared with the cost in the other. The result is that all we can do is to hope that this agreement will not work any serious hardship. A good many workmen in the cut-flower industry are not enjoying very prosperous times to-day, and I am hoping that this agreement will not work to their disadvantage.

There is one more injustice of which I should like the government to take cognizance. A sales tax of eight per cent is imposed on cut-flower sales, although no sales tax is imposed on the sale of ordinary agricultural commodities. The cut-flower industry must face competition from outside sources and from many growers who do not have to pay the sales tax, and I think this item might well be the subject of exemption when the next budget is brought down.

I am interested also in the boot and shoe business. In one of the towns in my riding great difficulty has been experienced because of "short time" schedules in this industry. While it is perhaps too early to forecast what will be the result of this trade agreement, I cannot see where it will help the men and women working in the shoe industry to take away their protection to the extent of even five per cent on goods entering from the United States, plus the elimination of the three per cent excise tax.

A change has been made in the preference granted on apples and other fruits entering the British market from Canada. I was hoping against hope that the British preference would not be changed by this agreement. We have built up a great export market for apples and other fruits, and since the empire agreements came into force there has been an increase in the prosperity of our fruit producers generally. But now part of the protection is being taken away from our fruit growers. The preference on the British market is to be reduced, and it is possible that as time goes on the United States producer will enter that market to the detriment of our growers. I also want to make as vigorous a protest as I can on behalf of the vegetable growers. Before 1936 the general tariff protection offered to these men amounted to thirty per cent. This has now been reduced to ten per cent

under the general tariff, with further restrictions in connection with dumping duties.

I am speaking on behalf of these hard working men who are able to obtain only a small return from their labours in the vegetable industry. If there is going to be a progressive drop in the tariff by various agreements that this government may enter into, there will be eventually little left of this great industry. While I am discussing this matter I would suggest to the Minister of Agriculture that he pay some attention to the recommendation I made last year to provide in his estimates for the furnishing of a proper statistical set-up in connection with fruits and vegetables. The vegetable growers of this country feel that they are penalized because of lack of statistical information. I believe the minister would be well advised to take this into consideration.

I want to make reference to the omission from the speech from the throne of any really vigorous policy with respect to the working man and his family. I do not make any apology for being the spokesman for the working man in the riding which I represent. One of the best lubricators of the machinery of business is the wage envelope of the working man who spends his money freely on the necessities of life. He provides business with the greatest impetus that it can possibly have. This government might well be criticized for not promoting any scheme to help the working man.

Let me now consider unemployment insurance. What a hackneyed word that has become throughout Canada. Nineteen years ago a great Liberal convention met in the city of Ottawa. That was the convention which elected the present Prime Minister (Mr. Mackenzie King) as leader of the Liberal party. That convention solemnly nailed in the platform of the Liberal party the plank of unemployment insurance. Last night the Prime Minister made an eloquent address. He said that we are coming closer to unemployment insurance legislation. The time to have introduced that legislation was during the nine years from 1921 to 1930 when Liberalism was in power and when this country had a share of world prosperity. At that time there was more in the pay envelopes of the working man. We had not entered the depression, and we did not have the spending on public affairs that we have to-day. That was when the Liberal government should have brought in unemployment insurance legislation.

But it was left for the Conservative party to enact in 1935 the only measure of importance with respect to unemployment insurance that we have had since the days of confederation. That legislation was sent to the courts where it became a legislative wreck. To-night I heard a Liberal member, the hon. member for Winnipeg South (Mr. Mutch), state that he believed that policy of putting through unemployment insurance was one which should be pursued to-day, even by this government. The Conservative government answered when urgency and emergency called, and I think their legislation will always stand as a monument to their efforts to solve the problems of the working man. If this government will bring in a workable scheme of unemployment insurance, I am sure they will have the support of every hon. member and of every man and woman in the Dominion of Canada. All they have to do is to enact the legislation and see that that happy family of provinces which was spoken of before, is a reality. There should be some real measure of assistance for the working man of the dominion.

The hopes of the working man seem to be raised every year by some mention of unemployment insurance in the speech from the throne, but nothing is ever done. No longer than two weeks ago a working man said to me, "Will there be unemployment insurance after this year?" I said, "I think there will be, because there will be a Conservative government to give it to you the same as they did in 1935." He said, "I hope your party gives us a little more leadership and shows a little more aggressiveness than this government has done, because we do not want any more sit-down strikes in Ottawa."

Not one thing was said in the speech from the throne with regard to the relief of real estate holders in the Dominion of Canada from the burden of taxation. It has been said at mayors' conventions; it has been stated from municipal platforms all across the dominion, that there is a need of easing the heavy burden of taxation on real estate. Along with the great majority of Canadians I believe that we must provide some policy to coax and persuade private capital once more to get into business. Governments are into business. They are into business sometimes too far, I believe. If we can reduce our taxes, cut down our overhead, show the people that we mean business in parliament instead of delays and promises, we shall once more get private capital into circulation in our business in this country, and the wheels of industry will turn and prosperity will be with us once more. I am in favour of a drastic reduction in governmental overhead throughout this country. Perhaps I need do

no more than mention that, because the need for a pay-as-you-go policy in the dominion, as pointed out only a few moments ago by the hon. member for Lanark (Mr. Thompson), is one of our crying needs. The county I represent is a representative county of Ontario, and in the last eight years we have not only paid as we have gone in the county of Peel, but reduced our debenture indebtedness by sixty per cent. Is it too much to ask the government of Canada to do what municipalities are already doing. This parliament should be giving a lead; the municipalities should be following only; the cart has gone before the horse much too long.

In closing, I wish to revert to a matter which was referred to yesterday. Throughout the country confidence in the Canadian Broadcasting Corporation has not been strengthened in recent times. One hears criticisms all over the land with regard to the control exercised over radio broadcasting in general. The idea of having to pay a radio licence fee of $2.50 still rankles in the minds of most people. May I offer a friendly piece of advice to the government of the day; they will be surprised at the extent to which public opinion in this dominion is rebelling against the payment of any kind of radio licence fee. That is one matter which ought to receive the careful and immediate attention of the Minister of Transport (Mr. Howe) and the government as a whole. If we are to have some kind of radio control, it must be such as will have the confidence of the people generally, and it should not be associated in the minds of everyone with what they regard as an annoying nuisance tax.

In this country we have talked a good deal about national unity. Perhaps we have not reached the point of achieving what we should like to do in that direction, but if we are to have national unity it must be predicated upon aggressive and vigorous leadership in the dominion House of Commons. Instead of blaming all the provinces of the dominion for our troubles, let us analyze our own short-comings as a national legislative body and government. Let us provide in this country leadership which will lead, not merely compromise and delay, leadership which will compel every corner of Canada to think in terms of the nation as a whole. Our responsibility for the reconfederating of Canada has become greater in these days when jealous and eager foreign eyes are cast upon us. Let us measure up to the job we have before us and provide efficiency in government, virile and progressive leadership in administration, and a strong national feeling of strength and unity before it becomes too late. That, in my opinion, is one of our tasks in parliament to-day.

[Mr. Graydon.]

On motion of Mr. Coldwell the debate was adjourned.

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

Wednesday, January 18, 1939

The house met at three o'clock.

PENSION ACT

ABOLITION OF PENSION APPEAL COURT AND EXTENSION OF TIME FOR PENSION APPLICATIONS

Hon. C. G. POWER (Minister of Pensions and National Health) moved for leave to introduce Bill No. 6, to amend the Pension Act.

Some hon. MEMBERS: Explain.

Mr. POWER: Under this bill it is proposed to amend the Pension Act to provide for the abolition of the pension appeal court and to set up, in lieu of both the court and the quorums, appeal boards of the commission, each consisting of three members wherein the applicant's right of appeal and personal appearance will be preserved.

The volume of business coming before the appeal court has been steadily decreasing and will continue to decrease. It is considered that the abolition of the court as at present constituted will accelerate the final settlement of applications. It is not proposed to provide for the reopening of any applications heretofore disposed by the court, other than to the extent now existing in the legislation, whereby in special circumstances leave to renew an application may be granted.

With reference to those who saw service in France, there is at present a dead-line on the date of their application for pension, which is set at January 1, 1940. This amendment proposes to extend the dead-line to January 1, 1942. The remaining sections of the bill provide for amendments to methods of procedure consequential upon the disappearance of the court.

Motion agreed to and bill read the first time.

INTERNATIONAL FORWARDING COMPANY

CARRYING OF UNITED STATES GOODS IN BOND BY TRUCK OVER ONTARIO HIGHWAYS

On the orders of the day:

Mr. NORMAN J. M. LOCKHART (Lincoln): Pursuant to a brief intimation I gave to the Minister of National Revenue I desire to ask him a question. It has come to my attention within the last two or three days that alarm is prevalent in the Niagara peninsula with reference to a supposed application, which was referred to in this house last year, of the International Forwarding Company in regard to the carrying of bonded freight. Has there been an application or any indication of an application to the minister with respect to the carrying of United States goods in bond by the International Forwarding Company over Ontario highways? If such an application has been received, would the minister indicate the attitude of the government in this connection?

Hon. J. L. ILSLEY (Minister of National Revenue): No application has been made to the Minister of National Revenue, and I have had no notice of any such application. I may say however that the Minister of National Revenue has no discretion in the matter as the law now stands, and possibly those desiring to secure the legalization of the trucking of goods in bond would not come in the first instance to myself; perhaps they would proceed in some other way, as by private bill. However I have no knowledge of it.

Mr. LOCKHART: May I then ask the minister to whom in his opinion that authority would go?

HON. C. G. POWER

BIRTHDAY GREETINGS TO THE MINISTER OF PENSIONS AND NATIONAL HEALTH

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I desire to ask the government a question, but before doing so may I say that I noticed the hearty applause which greeted the Minister of Pensions and National Health (Mr. Power) when he entered the chamber, and someone whispered that to-day is my hon. friend's birthday. Since the minister is an old friend of mine, and since I may not have a chance to do so later in the day, I should like to offer to him my congratulations and the congratulations of those on this side of the house. The minister is still young enough to feel that congratulations rather than commiserations are in order on his birthday. May I add that I hope he may decorate either this or the other chamber for many long years to come. I am not sure that I would not prefer to have him go to the other chamber, though I cannot speak with certainty on that, because he might do us more damage there than he can do here.

Hon. C. G. POWER (Minister of Pensions and National Health): May I thank my hon. friend the leader of the opposition (Mr. Manion) for his kindness and courtesy in extending his best wishes and those of his party on this occasion. I do not suppose I have reached an age when I can afford or would like to enter into any philosophical dissertation as to the experiences, good and bad, which I have had in the twenty-five years during which I have been a member of this house, but there is one thing I should like to point out, and it has been well exemplified to-day. It is this: Whatever else the house may be, it is tolerant, as has been indicated by the remarks of my hon. friend and the applause, coming from all sides of the house, which greeted them.

DOMINION ELECTIONS

RETURNING OFFICERS AND ENUMERATORS—METHOD OF APPOINTMENT

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, perhaps I should have given notice of this question, but I assure the government that my failure to do so was not due to any bad faith. I remember that until 1930 it was the custom for the government of the day to appoint returning officers. In 1934 our government passed legislation dividing the duties of the returning officer and providing for the appointment of a returning officer and a registrar of electors. The appointment of the returning officer was made in the same way as before; that is, if I remember correctly, the government appointed him. The registrar of electors, who had the duty of drawing up the electoral lists, was appointed by Colonel Thompson. These men were appointed on the basis of forty-five per cent from our side of the house, though we were very much in the majority, forty-five per cent from the Liberal side, and I think the remaining ten per cent from the third, fourth, fifth and sixth parties.

I desire to ask if it is true that now the returning officers have been given once more the work of not only providing the machinery

for carrying out the election but also the work of drawing up the electoral lists. That has been represented to me in many letters I have received. The government need not answer until to-morrow, if they so desire, but I should like to know if it is true that the returning officers are now being appointed on a direct patronage basis, in all constituencies. That is the charge which is being made to me, and I should be glad to have any comment from the minister who is in charge of that department.

Hon. C. G. POWER (Minister of Pensions and National Health): With respect to this question, which is perhaps somewhat more controversial than the matter of a birthday, I believe, speaking from memory that prior to 1930 there never was any question at all as to who should appoint the returning officers. The government of the day, through the Secretary of State, appointed the returning officers as they pleased, and invariably those officers were supporters of the party in power. In 1928 and again in 1930 I was chairman of a committee of this house which brought in legislation which had not been heard of prior to that time. First, it was provided that in the appointment of enumerators for the making of electoral lists there should be a representative from each of two parties for each polling division. Second, it provided that the returning officer should be chosen not by a political officer, such as the Secretary of State, but by the chief electoral officer.

In 1930 the chief electoral officer, in the pursuance of his duty, went from one end of the country to the other. It is true that he did not, in all instances, please the members sitting on the opposite side of the house at that time; but to a very large extent either the returning officers were chosen outside of politics, at the suggestion of the opposition organization or the opposition member, or in other instances the returning officer was a public official, a prothonotary, a clerk of the court or someone who had actually withdrawn from active political controversy. That was what occurred in 1930.

In 1934 the government of which my hon. friend was a member introduced into the house two pieces of legislation, one the Franchise Act and the other the Dominion Elections Act. Under the Franchise Act it was provided that there should be registrars whose duty it was to see to the making up of the electoral lists. By a resolution of this house, which was consented to by all parties, Colonel John Thompson was appointed dominion franchise officer; that is to say, he became the person whose duty it was to choose the registrars for making up the lists. He took his duties seriously and performed them in a non-partisan manner; and, as my hon. friend has pointed out, he appointed a very fair proportion of the registrars from the different political groups. At the moment I cannot say whether it was forty-five per cent or fifty per cent or ten per cent from any group; but in any case I think the appointments were made, so far as the opposition groups were concerned, in a way that gave satisfaction to them.

In 1934, however, when the Dominion Elections Act was brought in, over the protests of the then opposition the government took away from the chief electoral officer the power of appointing the returning officers, and placed it back in the hands of the Secretary of State.

Mr. CAHAN: In the hands of the governor in council, if you please.

Mr. POWER: Very well. In any event, the act passed at the last session of parliament, so far as the appointment of returning officers is concerned, was an exact reproduction, word for word, of the act passed when my hon. friend's party was in power in 1934, and that is the situation at the present time. The returning officers are named in exactly the same way as was provided by the legislation passed in 1934.

Mr. MANION: I do not suppose it is proper to carry on anything in the nature of a debate on this matter, and I am not attempting to do so; but is it not true that in 1934, while the returning officer was appointed by the government of the day, as my hon. friend says, the registrar of electors was still left to be appointed by Colonel Thompson? And is it not true that now these registrars of electors have been eliminated?

Mr. POWER: The Franchise Act is being eliminated, and there are no longer any registrars. I might add what I forgot to say previously, that the provision introduced by the committee of which I was chairman in 1930, whereby the actual compiling of the lists was to be carried out by enumerators, remains; and from each of the political parties, or at least from two of the political parties, there are enumerators who go together to make up the lists.

Mr. STEWART: That is in urban districts only.

Mr. POWER: Yes.

Mr. HEAPS: Can the minister inform the house whether new appointments are to be made on a purely partisan basis, the same basis on which they were made previously, namely forty-five per cent, forty-five per cent and ten per cent?

Mr. POWER: The only time there was any basis other than the partisan one was under the elections acts of 1929 and 1930. There were committees in both those years, and the result was the bringing in of one general elections act, known as the Dominion Elections Act, 1930. Under that act, which is the only time in my recollection the returning officers were appointed in what might be described as a non-partisan manner, the chief electoral officer had the right to choose them. However, last year the provisions with respect to returning officers were copied from the act passed in 1934.

Mr. CAHAN: And the minister might add that the registrars are not appointed by the chief returning officer, because registrars and deputy returning officers are the same individuals. Further, I understand, they should be appointed by the governor in council and their names published by the twenty-first day of this month.

Mr. POWER: As a matter of fact this whole matter was fully debated last year—

Mr. CAHAN: Quite so.

Mr. POWER:—when the elections act was discussed. I do not believe we want to debate it now; it was fully debated at that time. There is no element of surprise about it.

Mr. POULIOT: What may be the reason for complaint when they are all honest men?

WAR MUNITIONS AND MATERIALS

SHIPMENTS OF CANADIAN AEROPLANES TO TURKEY, ALLEGEDLY DELIVERED IN SPAIN

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, would the Minister of National Revenue (Mr. Ilsley) care to make a statement respecting the press report from Ankara, Turkey, to the effect that military planes manufactured in Canada, supposedly for the Turkish government, found their way into the hands of Spanish insurgents. Would the minister investigate the matter and assure the house that if the persons responsible for the alleged forgery are in the country, there will be prosecutions?

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, the hon. member was good enough to give notice of the question, and I am prepared to make a brief statement regarding the planes to which I believe he has reference.

Applications were made by a Canadian manufacturer for permits to export thirty-four aeroplanes to the Turkish government. These permits were issued by the Department of National Revenue in due course, the department having no discretion under the law to refuse permits to export to Turkey. Representations contained in the applications were checked by the officers of the department, who examined and found in order all documents relating to the purchase of the planes.

Subsequently, upon request from the United States government for information concerning these shipments, all the documents pertaining to the order and the shipments were rechecked by the departmental officials and found to be in order, and it was verified that the aeroplanes and parts had been loaded on the ships for export from Canada in accordance with the terms of the permits, and that the bills of lading were properly drawn to cover shipment to Turkey. The United States government was interested in the movements of parts of these planes exported by the United States to Canada.

The Turkish government later stated that it did not authorize the placing of the order for these planes. It would appear that the planes reached Spain, a country shipments to which are prohibited by order in council, not nationalist Spain as indicated in the question, but republican Spain. There is, however, no evidence before the department to indicate that the exporter acted in other than good faith in applying for permits for export to Turkey.

Inquiries have been made in Canada and the results do not indicate that any person or company in Canada was responsible for any of the alleged forgeries. The government has asked the government of the United Kingdom to make inquiries of the Turkish government as to the outcome of an official inquiry which it is understood the latter is conducting. When this information is received I shall be glad to make a further statement.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Tuesday, January 17, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, first of all I should like to join with other hon. members who have already spoken in congratulating the mover (Mr. Mat-

thews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne.

The address itself covers a wide range of subjects. I do not propose this afternoon to traverse the whole of it, but shall confine myself to several topics indicated therein. It contains in respect to unemployment a new confession of failure. The amendment moved by the leader of the opposition (Mr. Manion) quite properly condemns the government for its failure, just as the Liberal party in opposition in 1935 condemned the government of which the present leader of the opposition was then a member for similar failure.

Hon. members in this group maintain now as they did then that only intelligent planning and control of our monopolistic industries and financial corporations will help us to find a way out of our own domestic difficulties. That is why the subamendment was moved yesterday by my leader (Mr. Woodsworth).

In our view social and economic progress is possible to-day, despite the difficulties which confront us. This statement is proven by what has occurred in New Zealand, where a government with a philosophy and ideals similar to those to which we adhere has been able since 1935 to assist the people of that country to solve problems which, according to the speech from the throne now before us, seem insoluble. In New Zealand in the three years following 1935 something like a miracle has occurred, because the government in that country had a plan and a determination to put it into effect. Unemployment has ceased to be a grave problem in New Zealand. The actual number of unemployed officially reported in August of this year—the depth of winter in the Antipodes, may I add—stood at only 1,273. In 1935 large numbers of the farmers of that country, the other major class suffering from economic difficulties, faced bankruptcy, the statement being made by their organizations at that time that at least 50,000 New Zealand farmers were in a very bad financial position. Three years later, however, it was very largely the votes of the agricultural community which in November last returned the Savage government to power, with a new mandate.

In 1935 schools were closing and school grants were being reduced, just as they have been in our western provinces during the past few years. To-day new schools are being built, teachers' salary schedules have been restored and improved, and educational facilities are being extended all across the country. Contrast that condition with the condition of schools and teachers in the province of Saskatchewan. I suggest we cannot be proud when we make the comparison.

With respect to housing the fact is that in Canada we have signally failed to provide any volume of new homes for the Canadian people. In 1935 not a single house was built in New Zealand by the government, but since that time thousands have been built. Last year 3,500 were constructed. Multiplying their population to equal ours would mean that on a similar basis the government of this country would provide over 30,000 houses this year for the Canadian people. Not only have government houses been constructed in New Zealand, but in order to prevent increases in rents by those who built houses privately, rents are being controlled and restricted by legislative enactment. In 1935 pensions for the veterans and the blind in New Zealand had been cut by one-third. The sick and the aged were dependent largely upon charity or their own friends. These pensions have been restored and pensions are now granted to widows. The old age pension has been increased from $20 to $30 per month, and the age limit has been lowered to sixty years.

What effect has all this had upon the business of our sister dominion? Business in this country languishes while in New Zealand it has shown a steady advance during the past three years. The figures for bankruptcies show that last year New Zealand had the smallest number of business failures in sixty years. Since the present government took office, more than a thousand new shops and six hundred new factories have been opened. According to a government report which I have studied, the railways of New Zealand had a record volume of business last year. Another indication of what has occurred under a policy such as we recommend is the fact that last year the number of automobiles in New Zealand increased by twenty-five per cent, while the number of new telephones installed last year exceeded all previous records. This improvement was due, at least in some degree, to the fact that the government of New Zealand, under the leadership of the minister of finance, the Hon. Walter Nash, used the newly nationalized central bank of that country, not as a social credit instrument but as an instrument of public policy.

Mr. MITCHELL: What is the difference?

Mr. COLDWELL: I hear one of my Social Credit friends asking what is the difference. There is a great difference between those two conceptions. Under economics that are sound

the issue of money by the national bank of New Zealand is intelligently related to the actual production of the country.

Mr. MITCHELL: What is the difference between that and social credit?

Mr. COLDWELL: Wages have increased forty per cent while hours of labour have been shortened. Farmers' prices are guaranteed and the farm labourer, that forgotten man in our own country, has been given better conditions of work. Of course we were told when all this was attempted that it would result in inflation and increased costs of living. As I said a moment ago, wages and salaries have increased forty per cent. The cost of living has increased also, but only to the extent of between ten and eleven per cent. That is due, of course, to the mild inflation that has occurred because where you have any sort of inflation you have an increased price level. Under some circumstances that is justifiable, but it may be another form of taxation when carried to excess.

Laws against profiteering have been enacted and enforced. Cooperatives, both consumer and producer, have been encouraged and are to-day making good progress. As I said before, the improved condition of the farmer and the worker has made the retail merchant more prosperous. The redistribution of wealth and purchasing power has proven beneficial to these classes of the community. This government may say that there are no constitutional difficulties in New Zealand to prevent social reforms. That may be true, but the fact is that the Liberal party talked social reform and unemployment insurance back in 1919. They held office from 1921 to 1930 without interruption, but they made no real attempt to remove or resolve the difficulties which they tell us to-day prevent them from carrying out overdue social reforms. We are in the fourth session of the present parliament and are still waiting for a report on constitutional matters by the Rowell commission. Eighteen years have passed since the present Prime Minister (Mr. Mackenzie King) first took office. Our subamendment suggests that the solution lies in the course taken by our sister dominion of New Zealand, but we fear that this government will not even begin to travel that road.

In the meantime, what is the condition of the country in which we live? All across it we find unemployment, misery and want. Yesterday our leader spoke of the fishermen in the maritimes, and others have referred to the unemployed. While western Canada enjoyed a more bountiful crop this year, and to that extent conditions have been relieved, the fact is that many people, because of poor grades, low prices, and crop failures, are languishing in poverty. We ask ourselves: what is to be the fate of western agriculture? I can find little hope for western agriculture in the speech from the throne.

The trade agreement as a trade agreement is to be warmly welcomed, but I ask what compensating adjustments are going to be given to western Canada for the loss of the six cent preference on wheat in the British market? I believe in wider and freer markets, but, as I have often said, as long as we maintain protection for industry, when our farmers lose an advantage because of some treaty, compensating adjustments, as the hon. member for Melville (Mr. Motherwell) called them last year, should be provided for the farmer and the producer. With that in view we moved a subamendment to the budget last year urging the government to fulfil its own promises and place agricultural implements on the free list. At that time it was indicated to us that we must wait until treaty negotiations with the United States and Great Britain had been concluded. We waited, but agricultural implements are not on the free list and, except for a few reductions by one company, the prices of farm implements remain substantially where they were one year ago. They are much higher than they were when this government took office in 1935.

We are told that we have a compensating adjustment in the guaranteed price of wheat at 80 cents per bushel for No. 1 northern at Fort William. It has been said that the cost to the Dominion of Canada, of what is sometimes called a bonus, may amount to $30,000,000 or $40,000,000. May I say that even though it does cost the dominion that amount of money this year, it would be only a partial return for the contribution that western Canada makes every year to industrial Canada. According to the Manitoba brief, submitted to the Rowell commission by a Liberal government and by a Liberal premier, the net cost annually to the prairie provinces of protection for eastern industry amounts to $58,000,000. That is $4,000,000 higher than the figure presented by the Minister of Labour (Mr. Rogers) when he appeared several years ago to give evidence before a maritime commission. We have been making that contribution, Mr. Speaker, not just for one year, but according to the Manitoba brief and the Minister of Labour, every year for many years, and we believe the time has come when, if we are to be denied an advantage in the British market, we should have adjustments made in other directions.

I happened to be in the United States when the treaties between Canada and the United

States and Great Britain were signed. I picked up the western United States papers, and I could find very little in them about those treaties except that the agreements represented a great gain for the United States wheat grower, that once again he had been able to get back into the British market, and that Canada's unfair advantage, as he regarded it, had been eliminated.

Moreover, though the price of wheat has been fixed in Canada, eighty-cent wheat does not meet the average cost of production. This is substantiated by figures prepared not by me but by our universities, and by figures presented to the Rowell commission, not by members of my party, but by speakers on behalf of the Liberal governments in western Canada. What we want to know to-day, and what I am asking the Minister of Agriculture (Mr. Gardiner), if he participates in this debate, to tell us, is this: What is the government's wheat policy for the coming year? Surely a policy, and a very direct and certain policy, is needed in face of the world situation; for the appalling picture painted by the International Bureau of Agricultural Economics is one which we in this parliament and in this dominion cannot pass over lightly. I have on my desk the figures supplied by that organization, and they show that for the current crop year there is available approximately 1,175,000,000 bushels of wheat to meet an estimated import demand of 545,000,000 bushels. If the United States winter wheat belt has only an average crop this coming summer, then there will be on hand ready to supply the world next July before a binder turns in one of our western harvest fields, enough unused wheat to meet the present world demand for two whole years. I can see no indications of that condition improving in the near future.

What does the government propose to do? What proposals has it to offer at the forthcoming world wheat conference? What policy is it prepared to support at that conference? I submit that the parliament of Canada, which is held responsible for marketing policies, ought to be told what the government proposes to do in this connection. What we who represent western Canada, and have a very direct interest in this problem, are anxious to know is what the government proposes to do during the coming year.

Some say that our farmers must change to mixed farming. If they did, what would be the effect, I wonder, upon eastern agriculture and the eastern farmer? Already our western farmers are producing large quantities of dairy produce, and if they went into such production in a big way, into the production of butter, for example, of which we already have a surplus running into many millions of pounds, what would be the effect upon the eastern dairy farmer, having regard to the present world demand?

But I think this can be said, that over large areas of the prairie provinces, particularly south and southwestern Saskatchewan, lack of water and peculiar climatic and soil and growing conditions make it unprofitable for our farmers to enter that field, and consequently we have to regard that part of the prairies as a wheat producing area. So we ask again, what does the government propose to do in relation to this problem, which is becoming more acute as the days go by?

Again, if our farmers are to grow wheat, they must secure good seed. We now know that good seed must be of some rust-resistant variety, and that is perhaps particularly true this year because moisture conditions are above normal over a large part of western Canada, and normal moisture next summer, with certain other climatic conditions which are not unlikely to occur, may encourage rust in heavy crops. Last year the rust-resistant varieties stood up well, and there is plenty of seed to seed the land with rust-resistant wheat provided it is properly distributed. But the government's exchange plans are not satisfactory to the western farmer. They require two or three bushels of low grade wheat to be given in exchange for one bushel of good seed, and I am informed that the wheat board is selling commercial wheat for feed purposes on the basis of the open market price less the freight. Many farmers throughout the west have only low grade wheat of an inferior quality, and in view of this, farmers and municipalities are urging upon the government a policy of the distribution of good seed.

I have received, and I have no doubt the same is true of other western members, a number of resolutions dealing with the matter. I shall quote only one—to get it on the record—which I received from the municipal council of Perdue, Saskatchewan, in my own constituency. It reads as follows:

> That the Canadian wheat board sell to the farmers of Saskatchewan the rust-resistant varieties of wheat of such quality as to be usable for seed, which are now held in store in the dominion government interior elevators, at the same price as it now sells commercial wheat to the flour mills for milling purposes; that is, at Fort William open market price less freight charges; and that the said wheat could be coloured with some substance not injurious to germination so that it could be easily detected if offered for resale to the wheat board and, as a further protection to the wheat board, that a farmer's application to purchase such

seed wheat be first approved by a responsible municipal official who would know the acreage cultivated by the applicant and the quantity of rust-resistant wheat required by him.

Mr. BOTHWELL: May I ask, for information, whether the hon. member can tell me who the father of that resolution is? I have received a number of similar resolutions from municipal councils, all couched in the same words, and I should like to know whence they emanate.

Mr. COLDWELL: Mr. Speaker, I am as ignorant of the person who drafted this resolutinon as my hon. friend from Swift Current (Mr. Bothwell). I have received, as he has done, a number of these resolutions, quite a number from my own constituency, and because I have received them from my own constituency and know who the movers and seconders are, and the officials who forwarded the resolutions to me, I am placing this one before the house.

Mr. EULER: I do not want to interrupt my hon. friend, but may I ask him this: If that policy were adopted by the wheat board would it not mean that a farmer who had sold his wheat to the wheat board at eighty cents would buy it back for himself at sixty cents and make a profit of twenty cents?

Mr. COLDWELL: I understand the government will not distribute seed now to farmers who sold wheat to the wheat board. It seems to me that the policy could be carried out so that the sales could be safeguarded. I do not know how practicable all the suggestions in this resolution are, but I believe the principle involved is a sound one, and I would recommend it, not for adoption in toto but for the consideration of the government as a constructive proposal.

Mr. GARDINER: If the hon. member does not mind, I might point out to him that the proper way really to deal with that resolution is to send it to the government of Saskatchewan. This government does not conduct any of the transactions referred to in that resolution; they are all carried out by the provincial government.

Mr. COLDWELL: No, but the government of Canada, Mr. Speaker, set up the wheat board. The wheat board is a creature of this parliament, and this particular resolution involves the proposal of a method of operation of the wheat board.

Mr. GARDINER: There are already negotiations between the provincial government and the wheat board, and the wheat board has been instructed by this government to continue to carry on the negotiations, with authority to deal with the matter if and when a policy which can be properly applied is developed by the province.

Mr. COLDWELL: That is all the more reason why a constructive proposal of this sort should be placed before parliament and the Minister of Agriculture at this time, and I am glad I had the opportunity to bring it to the minister's attention this afternoon.

Mr. GARDINER: I signed about a dozen replies to resolutions this morning.

Mr. COLDWELL: I permitted the Minister of Agriculture to ask me a question, but I would ask him not to interrupt.

The whole problem, may I add, is one which parliament must tackle this session. A solution is imperative in the interests of western agriculture, and I hope to say something more about it when a resolution on the order paper in my name is debated. I realize that the problem of wheat and of marketing is made more difficult because of the present international situation. Threats of war and recurring crises have resulted, too, in a decrease in the value of the pound sterling. We remember the disastrous effects of the decline of the pound sterling in 1932 and 1933. Our attempts then to retain parity with the gold dollar penalized very severely the primary producers of this country. A year ago the pound sterling was worth five dollars in Canadian money; to-day it is worth approximately $4.70, which means, of course, that if we sell a pound's worth of goods in Great Britain, instead of getting the five dollars in our local currency which we got last year we are getting only $4.70. There might be a much more severe fall than that. In the years to which I referred the governments of Australia and New Zealand took exactly the opposite view to ours, with the result that the farmers of those countries received higher prices in their own currency for their own produce, enabling them to meet their own local obligations in that currency. That, I submit, is an aspect of the agricultural situation which ought to be considered by the Minister of Finance and by the government before it is too late.

I do not wish to deal extensively this afternoon with the international situation. We were assured by the Prime Minister that the house would have ample opportunity to discuss international affairs, and I am looking forward to that occasion. But I do want to say something this afternoon about one of the results of the recent tragic series of events.

To-day the victims of fascist and nazi terror cry aloud to all civilized people for consideration and for aid. I am wondering what is going to be Canada's response to that cry. Pro-nazi papers printed in Canada and pro-nazi literature printed in Germany and widely circulated in Canada are trying to poison us with anti-semitic propaganda. It strikes me as being a strange thing that again and again in this chamber and other legislatures of this dominion we hear of communistic propaganda, and the need, so it is said, to meet it, to keep it out of the country; but so far nowhere in parliament or in any legislature has an attempt been made to keep out this vicious nazi propaganda which is attacking a minority in the country in which we live. Bear in mind that two-thirds of the refugees who to-day suffer in central Europe are non-Jews. I do not suggest of course that with our present problems of agricultural depression and unemployment we can open wide our gates to all who seek admission. The Cooperative Commonwealth Federation, in common with others in this country, has always opposed immigration schemes fostered by certain vested interests that had an economic axe to grind, land to sell, transportation facilities to use, and so on. Canada, however, should to-day be willing to join with other democracies in offering asylum to a fair quota of sufferers, both Jews and Christians, in a broad humanitarian effort to relieve their distress and with proper safeguards that they will not become public charges or increase our problems of agriculture and unemployment. I submit to the government that this policy will conform to the principles of what we sometimes call traditional liberalism.

What is "traditional liberalism?" Last evening I read an old Montreal newspaper file regarding Canada's reaction to similar but much less serious atrocities in Russia in 1905, now thirty-three years ago. At that time a great protest meeting was held in Montreal and a resolution of protest and of horror was passed unanimously and forwarded to the Czar. Protestants, Roman Catholics and Jews in the province of Quebec joined in expressing their abhorrence of crimes which pale into insignificance before the cruelties of nazi persecution in Germany and the areas under Hitler's iron heel. Many notable people who could not be present sent messages. Here is one written at that time by his excellency the Archbishop of Montreal to Mr. D. A. Ansell of that city. I will read the English translation. It is dated at Montreal, November 15, 1905, and is as follows:

[Mr. Coldwell.]

Sir:

I have received your letter of the 13th instant. I greatly deplore, as you do, the massacres that have taken place at Odessa and in other parts of Russia. Such massacres are contrary to the spirit of Christianity and to the laws of humanity.

However, I do not consider it advisable for me to take part in the meeting to which you invite me.

Yours sincerely,

Paul, Archbishop of Montreal.

I understand that the last sentence simply means that as a rule high ranking prelates of the Roman Catholic Church do not participate in public demonstrations. The Anglican Archdeacon of Montreal wrote a very fine letter at that time:

The Archdeacon of Montreal and Mrs. Norton regret that another engagement will prevent their being present at the meeting on Monday evening. They beg to enclose ten dollars as a small expression of their sympathy, and of the disgust and horror with which they regard the massacres in Russia of law abiding and innocent Jews, whose nation has in God's good providence given to the world its greatest moral and spiritual instructors, and has contributed enormously towards the upbuilding of the British empire by the loyalty and genius of such Jews as Lord Beaconsfield, Lord Herschel and Lord Goschen.

After over thirty years more of education and Christianity are we going to say anything less than our predecessors did thirty-three years ago?

May I place on the record a telegram forwarded from this city by the great man who was then the prime minister of Canada? I have before me the original telegram from Sir Wilfrid Laurier, dated at Ottawa, November 20, 1905. It reads:

I beg you to accept expression of my regret that other duties will not allow me to attend meeting to be held this evening to protest against recent massacres in Russia. I heartily sympathize with the object of meeting and I earnestly concur in your laudable efforts.

(Signed) Wilfrid Laurier.

Thus some of the leaders in church and state in Quebec and in Canada thirty-three years ago expressed themselves forcibly and freely; and I wondered when I read that telegram what Sir Wilfrid Laurier would say if he sat in this house as prime minister to-day. At that time Great Britain was endeavouring to bring about an entente cordiale with Russia, having completed one with France; yet in spite of the fact that negotiations may have been difficult, the prime minister of this country at that time did not fear or fail to express himself in the terms I have just read. To-day we are granting most favoured nation treatment under our tariff and other treaties to Germany,

and when we make a concession to other countries Germany participates. Therefore Germany gets her chromium, her nickel and other supplies from this dominion under most favoured nation terms, while the victims of the fascist terror hammer at our gates in their desperate search for refuge.

The Canadian people are democratic. They are warm-hearted, and I believe we have an opportunity to demonstrate our humanitarianism now. We are urging the Prime Minister to take the house into his confidence and tell the house immediately whether this country will receive—not a large influx, unregulated, of the victims, because there are a million and a half of them, but whether in common with other democratic peoples we will take our fair quota of those who are suffering from the terror in central Europe. May I add that under a proper policy, just as in days gone by when our forefathers received the Huguenots from France and exiles from other places, these refugees may do much to help us in this country to build up a balanced economy. And may I say that in the suggestion I have just made I am expressing not only my own views but those of the national council of the movement of which I have the honour to be the chairman.

Mr. SPEAKER: Order.

Mr. COLDWELL: May I just read this resolution passed by the national executive:

> The national executive of the Cooperative Commonwealth Federation expresses its sincere sympathy with the victims of religious, racial and political persecution in central Europe, and requests the government to admit, on humanitarian principles, in the same manner as other democratic nations are doing, a reasonable number of the victims of persecution to this dominion.

That is all we ask the government to do.

Mr. R. J. DEACHMAN (Huron North): I listened as I always do with a great deal of interest to my hon. friend the member for Rosetown-Biggar (Mr. Coldwell). In regard to his statement of the situation in western Canada I have of course the deepest sympathy. I lived there for twenty-five of the happiest years of my life, and one of the pleasantest memories I have is that of my association with the people of the west. I am not so sure that I can follow my hon. friend in his picture of conditions in New Zealand. I imagine they are now experiencing what may be termed the honeymoon of inflation, and the bright and vivid story we have had of their situation to-day may change somewhat in the next year or two. I have before me a copy of the London *Economist*. Before I quote from this I want to answer the reply that can readily be made that this is a capitalistic journal and looks at things from a capitalistic viewpoint. Of course the countercharge might be made that the statement we heard from my hon. friend is from a socialist viewpoint. But there are two points of view, and I submit this one from the London *Economist*; I do not know myself whether that view or the view expressed by my hon. friend is right, but I suggest that hon. members keep these things in their minds for a year or two and then pass judgment when the test of time has brought its result. These are the words of the *Economist*:

> In other words, it is evident that the success of the New Zealand government's control scheme depends, not so much upon the effectiveness with which it is worked, as upon the manner in which the fundamental economic problems of New Zealand are tackled. If the New Zealand government temper their grandiose public works schemes and their progressive policy of social services with caution, and if they have the luck of good export prices, the exchange control scheme may happily prove to have been a valuable, but temporary, expedient to tide over a difficult period. Mr. Savage however has gone far to shatter this hope by his declaration that these measures were intended to form a permanent part of the government's plan for "insulating the economic life of New Zealand from outside disturbance." If, in the course of this insulation policy, the control scheme is merely used as a means of evading the fundamental issues involved, if it serves only to "plug the clinical thermometer," it will land the patient in a much graver crisis than that in which he finds himself to-day.

I call attention to that proposal to "insulate the economic life of New Zealand." I call to mind the fact that the United States tried for a number of years to insulate the economic life of the United States. They succeeded in "plugging the clinical thermometer," but when the time came the crisis was thereby made much worse than it would otherwise have been. I ask the house not to accept my judgment or the judgment of the *Economist* or even the judgment of the hon. member for Rosetown-Biggar. Time gives the answer to most of these questions.

I was very much interested in the speech delivered by my hon. friend the leader of the opposition (Mr. Manion) the other day. I cannot help but think how greatly the conditions of this world would change if our foresight were as good as our hindsight. The hon. member for Kootenay East (Mr. Stevens) was a candidate in the city of Vancouver in the anti-reciprocity campaign of 1911. Yet in 1936 he voted for the reciprocity agreement, and at that time, in a speech in this house, he stated that his work in the Department of Trade and Commerce

had convinced him that an inquiry ought to be made into the idea of expanding trade with the United States, and that he believed the expansion of trade would result in the betterment of conditions as between the two countries. As I read the speech of the leader of the opposition to-day I thought that if only the hon. gentleman could have worked in the Department of Trade and Commerce for a few brief months he too would have found that to be true; and instead of having one dissenter from the party, or perhaps more, we would have a united vote on the part of the Conservative party in favour of the policy which they condemned in 1911.

It would be pleasant if these memories could come to Sir Wilfrid Laurier. It must be a great thing for the leader of the Liberal party in this house (Mr. Mackenzie King), when he recalls the campaign of 1911, in which he took part; when he recalls how the Conservative party at that time fought as they never fought before, how they wrapped the flag around them, how they came weeping with every eye they had, bleeding in every pore, talking of patriotism and telling of the disasters which would follow if we accepted the suggestions made in 1911. Now, with softened tones, I read these words from the speech delivered just the other day by my hon. friend. Referring to the Canadian manufacturers he said:

> Some of them appear to think it would be more or less unpatriotic to express an opinion against the treaty.

What a marvellous change indeed! But if we have a change in view we still have the old arguments. The other day we heard the story of the balance of trade. That was first brought up in Canada, I think at the time of the first reciprocity treaty, in 1854. We have had eighty-five years of it. In all friendliness I suggest to the Conservative party that they spend another fifteen years discussing the balance of trade and then let the matter drop. The other day we heard that we should have our trade balanced with the United States, that we should reduce our imports from that country so that the trade would have an approximate balance. There is no man or woman within sound of my voice who balances his or her trade exactly. No man has a favourable balance of trade with his tailor. Every man buys where he can buy the cheapest, and the balance of trade is what is represented at the end of the year, regardless of whether it is carried on with one person or a thousand persons. Well, when one cannot balance his trade, how can the combined trade of eleven million people, with every nation with which they do business, be expected to balance?

I am not going to discuss this suggestion for very long, but I want to give a few brief facts in regard to the balance of trade. Since confederation we have had twenty-seven favourable balances of trade, of which sixteen were under Liberal governments and eleven under the Tories. I have left out the years 1919 and 1920, because then we were under a war economy, shipping munitions and other war material which affected the result. In 1925 and 1926, under the Liberals, the favourable balance of trade exceeded all the favourable balances of trade under all Tory governments from the time the dominion was formed right down to 1938. I am suggesting, in kindness to the Tories that they drop this suggestion, because the argument is entirely on our side. The greatest adverse balance of trade which ever took place in the Dominion of Canada was in the years 1912, 1913 and 1914, under a Conservative administration. I went through the files of *Hansard* for those years, but I found nothing, not a word, about the balance of trade. Why should they worry about it? Every Conservative in the house kept repeating to himself, "Why should I fear? The Tories are in power." Yet they come back with this story to-day, and that is why I suggest that they take another fifteen years and then get rid of it for good.

But there was one delightful thing in regard to the remarks of the leader of the opposition that I cannot miss. My hon. friend the Minister of Fisheries (Mr. Michaud) suggested that it was a fifty-fifty deal, one horse and one rabbit. At once my hon. friend said, "That is it. We ship a horse to the United States and get back a rabbit."

Mr. MANION: No, I did not say any such thing. Stick to the book.

Mr. DEACHMAN: All right; for curiosity's sake we will stick to the book.

Mr. MANION: I said we got a rabbit and they got a horse, on the trade treaty.

Mr. DEACHMAN: All right; it was on the trade treaty, but that does not alter the suggestion. We got the rabbit and they got the horse.

Some hon. MEMBERS: Hear, hear.

Mr. DEACHMAN: That is quite right; we got the rabbit and they got the horse.

Mr. MANION: On the trade treaty.

Mr. DEACHMAN: Quite so; and that means that we shipped a horse to the United

States and got back a rabbit, that our exports were more than our imports, and that the nation was prosperous. That is the Tory theory: favourable balance of trade; exports exceeding imports. But I want to point out something else to my hon. friend. If we had got back only the ears of the rabbit or the hair from the end of its tail we would have been still better off, because we would have received less for what we gave; and according to Tory theory that would form a bigger and bigger balance of trade.

I want to add this word. All these discussions that have taken place in the house have not been in regard to the balance of payments. They have referred almost entirely to the balance of commercial exchanges, of goods for goods. I suggest to my hon. friend that if he is going to discuss the balance of trade again, he should take the balance of international payments and show what is the total of our earnings from investments, our payments of interest, our earnings from the tourist traffic and all the great multiplicity of exchanges which take place. But despite that little lapse with regard to the rabbit, for which I shall forgive him, I want to point out that there were some exceedingly delightful arguments in the speech of my hon. friend. In particular I like this one: Last year we bought from the United States $40 per capita; they bought from us $3.50 per capita.

Some hon. MEMBERS: Oh, oh.

Mr. DEACHMAN: Well, I can make it worse: Last year we bought from the world $100 per capita and the world bought from us sixty cents per capita, and what is to save us? Nothing but the goodness of God. Last year we bought from the United Kingdom $14 per capita and the United Kingdom bought from us $9 per capita. Yet our trade with the United Kingdom was very fair, as I see it. Our imports from the United Kingdom were $145,000,000 and our exports to the United Kingdom were $409,000,000.

There is another little item. My hon. friend was worried, or at least he tried to worry the Minister of Finance (Mr. Dunning), in regard to the loss of the three per cent excise tax. Well, let me point out that the former Conservative government removed the excise tax against Great Britain. I do not think it worried very much about it after it had done it, only in so far as it felt that it was going outside its usual course, because that to a certain extent reduced the tariff which was imposed. But the loss of revenue was not a serious matter. The loss of revenue in this instance will not be a serious matter, either, because I venture to suggest that when the previous government removed the excise tax against Great Britain, they did the only thing they ever did during their entire period in office which helped to increase employment throughout Canada. On the other hand, when the Liberals remove the three per cent excise tax on all imports, as I hope they are now going to do, they will have done not the only thing they have ever done but certainly the biggest thing they have ever done to cure unemployment.

I come now to another point in connection with which I shall probably differ from the hon. member. In that connection I shall follow his suggestion and shall try to get the facts. Speaking about our export of wheat he said:

> I find that in 1922—I take the worst year—only 29 per cent of Canadian wheat went through Canadian ports, and 70 per cent through United States ports, whereas last year, 1938, 82 per cent of our Canadian wheat went through Canadian ports and only 15½ per cent through United States ports.

That is correct—at least, I take it as it stands there. But what the hon. member did not tell, and I should have liked him to tell, is that in 1922 there were 89,000,000 bushels of United States grain which passed through Canadian ports; in 1927-28 there were 88,000,000 bushels; in 1928-29 there were 83,000,000 bushels, and in 1937-38 there were 64,000,000 bushels.

I submit to the house that when a person attempts to present a story of the export of Canadian grain through United States ports he ought also to tell the story of the export of United States grain through Canadian ports. There is a proper way of putting the situation before the House of Commons and the people of Canada. I do not quarrel with my hon. friend's making a mistake of this kind. For some years he lived in Fort William and caught the Fort William spirit. He thinks everything that goes out of Fort William is much more important than anything which goes through in any other direction—and that is quite all right. I must point out, however, that it is not a fair statement, and an hon. member ought not to take one side of a story, state it in a certain way, and then leave it before the house with the suggestion that we are using the transportation services of the United States and not using our own transportation facilities, and therefore that we were not doing the right and proper thing for the Canadian people.

Mr. MANION: May I interject? The export of United States grain via Canadian ports is not affected in the trade agreement, whereas the export of Canadian grain via United States ports is affected.

Mr. DEACHMAN: Yes, but here is the point: Why did not my hon. friend point out the other side of the story as to the balance which was taking place? Why did he not point out that when Canadian wheat was going through United States ports, it was probably going through for the simple reason that Canadian ports were glutted with United States grain.

Mr. MANION: No, no.

Mr. DEACHMAN: And there was a balance between the two. While we were carrying the products of the United States they were carrying our products. We were working together, using the transportation systems of both countries. Does the hon. member wish to appeal to the west and tell them he will confine that movement only to Canadian waterways? What would have happened if in some years, for instance back in 1929 when we exported 370,000,000 bushels of wheat, we had been confined to Canadian ports? All channels would have been glutted, and we would have been left wondering what had happened. Every elevator would have been filled; transportation facilities of both countries would have been fully employed.

I care not what the hon. member says; that statement should have been placed fairly and squarely and both sides should have been balanced properly. But there is another item —and I like this; I am delighted with it. My hon. friend went to the United States; he wanted to see the prices of United States products so as to compare them with those in Canada. He went to several places, and while looking he investigated the prices of automobile tires. But he did not look at the rest of the automobile; he got just as far as the tires, and then stopped. Automobile tires were practically the same price on both sides of the line; but he would have found there was a difference of $500 or $600, in some instances, in the prices of automobiles. He did not look at that. What would the house think of a physician who was called in to look at a man who was very ill and found that he looked only at the patient's feet and then declared, "He is all right"? What would the house think of a physician who under those circumstances never looked at the engine, the chassis, the hood, the top or any other part of the patient? It is much better to look both ways.

There is another matter, in an entirely different line, to which I wish to direct attention. It has very little to do with freedom of trade, but it has some connection with freedom of discussion. The question has arisen in regard to the right of a certain newspaper publisher to speak over a radio network and to present to a large and extended audience the important views he may have on many questions. The publisher in question is very active in Canada to-day. Among other things he is deeply interested in the Canadian railway problem. He believes in the unification of railways and, believing that, he has unified two newspapers. I suggest we might wait to see how he gets along with them before we decide that he is in a position to give advice with regard to railways. The question arises as to the right of this gentleman to speak over the radio. I quote now from the *Globe and Mail*:

> Let us see how the heel of authority is cracked down—

I like that "heel of authority."

> —the publisher of the *Globe and Mail* cannot use a network of private radio stations for the simple reason that he is able to do so. By the same brand of reasoning he should be prohibited from publishing a newspaper; there are others who cannot. If he wishes to telephone to Winnipeg he must content himself with speaking to Long Branch; every one is unable to make a long distance call. He must not ride in a parlour car because some other person cannot do so. He should not drive an automobile; there are people who cannot.

We have freedom of the press in Canada, and we have it for a certain reason. There has been a constant process of evolution in the development of the press. Those men who had charge of its development had a high sense of honour and responsibility. Connected with the press of the world are the names of many of the greatest and most influential men who lived, men like Scott of the *Manchester Guardian,* Delane of the *Times* and our own George Brown, whose statue stands outside this building. But if in the future the press is to develop to the stage where men who do not know its traditions and who have made their money in other fields of effort may use the press for their own purposes, and instead of leaving the news fairly to the public, presenting their own personal views to the editorial page, I fear that the boasted freedom of the press will to some extent cease, and some measure of restriction may eventually be adopted.

What followed in this particular instance? If a man publishes an argument or a letter or an editorial in a newspaper, there is a chance to answer him in the same paper. But when a man acquires a monopoly of the time on a radio in which to speak, in which to state his own views, unless another man has an abundance of money to buy similar time, he has no opportunity to answer. If you

are going to have freedom of the radio there must necessarily be some restrictions. Those restrictions must be such as will serve to retain freedom and not something that limits it. As for the other argument, that when he wishes to telephone to Winnipeg he is compelled to telephone to Long Branch instead, let me say that there are other methods of reaching both Long Branch and Winnipeg. But there are no other ways of meeting the situation when a man of wealth, demanding power, seeks the right to express himself over the radio unchallenged by other people who may also want the right to express their opinions but lack all possible means of doing so.

I do not make these statements without particular affection for the Toronto *Globe*. I owe that paper too much. It was my guide in my youth. The opinions which I hold today were founded largely upon the sound arguments that were used by that paper in the days when it had youth and vigour and freedom and fearlessness. I can remember, after ploughing all day, walking three miles to town in order to read the *Globe*. I feel too strongly to say anything against that paper, but freedom must be defended and you cannot defend freedom by giving privileges to some which are denied to others.

I come now to the other point. I want to touch upon the question of unemployment. The story that I desire to put before the house I think is somewhat difficult, but it is one to which I have given considerable thought. Speaking the other day with reference to the causes of unemployment the right hon. Prime Minister (Mr. Mackenzie King) stated that the primary causes were war, intensive nationalism and trade restriction. I agree with that, but in what way do those things cause unemployment? When the efforts of a nation are thrown into preparation for war, there is within the nation a smaller total volume of production of consumable and capital goods. For that reason there is less to be distributed, and less wealth is created. There is another way in which this might be expressed; it might find expression not in reduction of employment, but in a lowering of the standard of living. When you have violated an economic law; when you have restricted the trade of a nation; when you have lowered production, then I suggest that there will be punishment for that through economic laws from which there is no escape. Nothing can stop them. The only thing that can happen when that is done is one of two things. There will be a general lowering of the standard of living and a reduction in wages and profits or, in the alternative, there will be unemployment. The measure of your unemployment will be the measure in which you have been unwilling to face the whole problem in the way which I have suggested.

I want to put this before the house as an illustration which may be a little difficult to explain. I have before me a book and in it I have marked a wage scale starting at $1 and continuing with $2, $3, $4, $5, and $6. We will say that my deskmate, the hon. member for Edmonton West (Mr. MacKinnon), and I are working in a factory of which the manager is the Minister of Labour (Mr. Rogers). We have a quarrel, not political but over labour matters, with the manager, and we go to him and demand a higher wage. The attitude of the hon. member and myself is simply this: We do not care for the Minister of Labour. He is the boss; we are going to fight for the highest possible wage we can get. We do not care particularly for the other men who are employed in the factory because we feel that as we are the senior men, we shall retain our jobs anyway. We do not take into consideration for one moment the interests of the consumer. We are fighting simply for an increased wage, and we are ready to take the highest wage we can possibly squeeze out of the capitalist who controls the plant, who happens, fortunately or unfortunately, to be, in this instance, the Minister of Labour.

Our quarrel with the Minister of Labour, having been settled, the following day the government appoints a commission or a committee the object of which is to fix a wage scale in the Dominion of Canada which will produce the largest total volume of wage funds out of which all wages are to be paid. At once the attitudes of my deskmate, the Minister of Labour and I change with reference to this problem. We then say to ourselves: We must fix a wage scale which will employ the largest total number of men, so that the number of men employed multiplied by the wage scale will give us the largest total wage fund out of which all wages must be paid. I do not think there is any dispute in regard to that. That is what we would do. While we were working as individuals, if we were getting $3 per day, we would try to shove it up to $6; but if we were working on behalf of the nation to create the largest possible wage fund, we would try to fix that at the point where, multiplied by the total number of employed, it would create the largest wage fund.

I put the same illustration last summer to a labour leader in western Canada. At that time I was working for a newspaper, and he said to me, "Am I speaking to a reporter for a newspaper, to a member of parliament or to a chap named Deachman?" I told him that

it was purely personal, that I would never use his name in connection with it. I asked him if that was the answer to the unemployment problem and he told me that I was right. However he said that labour could not give way because, if it did, what would follow? If labour lowered its wage scale, he said the capitalist owner of the plant would take the difference, and the only thing labour would get would be less wages and a lowering of the standard of living. Then I asked him what would happen if something could be done to lower prices, if, for instance, the tariff could be reduced sufficiently to compel a lowering of the price of goods. He said that the result would be an increase in the volume of employment. There would be a larger total number of men working for a slightly lower wage, but there would be a lower cost of living. They would have a relatively low nominal wage, but they would have something far more important as far as labour is concerned—they would have a higher standard of living than they had before.

I submit that is how this problem must be approached if this government is going to solve unemployment. It must be willing to bring about a better distribution of what one United States economist has called the pie of production. Throughout the Dominion of Canada we find little groups of men fighting desperately to increase their standard of living. We are missing the opportunity that ought to be ours and is ours of increasing the standard of living by working steadily for the better distribution of the wealth which is produced. What is to be done? I submit to the Liberal party that we have made a start in the reduction of the tariff by means of the abolition of the excise tax. That has been the greatest single move since the depression towards the restoration of normal conditions.

The government has mapped out for itself a further course. It proposes now to examine into the tariff upon sugar and into the West Indies treaty. I wish it would be willing to act without examination, because that situation has been examined before, and the record is so clear that he who runs may read. There is one of the worst examples of exploitation that we have in this dominion. But I feel confident that the government will do everything it can to facilitate that investigation so that action may be taken in the situation before this session is over. That is a next-door way to escape. Then, having expanded our trade with the United States and with the West Indies, keep on going. There is no fear so far as the Liberal party is concerned regarding the expansion of trade. We are not afraid to deal with any class of people, wherever they may be. We are not afraid that they will take too much from us or that we shall give them too much or that we shall get too much from them. I never worry about that; I leave that to my Tory friends. Forward, then, under those methods. Forward towards the expansion of trade; forward for a better distribution of the wealth we are producing, forward for a better distribution of our production. That is the task of Liberalism. That is the task before the people of Canada to-day.

Mr. O. B. ELLIOTT (Kindersley): Mr. Speaker, the debate has progressed into very deep channels, and at the moment I feel impelled to make a few remarks about some of the major speeches made thus far.

Judging from the courteous exchanges which took place between the two sides of the house on the first day of the session I had expected that the addresses in this debate would be confined more particularly to the business of the house, and I must confess that when I listened to the leader of the opposition (Mr. Manion) on Monday I had a rather sinking feeling. The very strong preelection speech which he made, supported by quotations from the red book with which we are all familiar, did not give me the reaction that the exchange of courtesies which took place on the opening day would lead one to expect. I have no desire to show partiality for either of the two old major parties, for in my opinion there is very little difference between them except on their tariff policies.

It was gratifying to me that the Prime Minister (Mr. Mackenzie King) confined his remarks for the most part to the important business of the session and largely refrained from replying to the criticism that had been made by the leader of the opposition.

The mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne well merited the praise accorded to them from all parts of the house. I was myself greatly impressed with the fluency with which the hon. member for Stormont (Mr. Chevrier) addressed the house in both French and English. We as westerners do not meet with that same demand to use the two official languages, and therefore perhaps we have not availed ourselves sufficiently of the opportunity to use the French language. We are more inclined, in fact, to feel pressure from the German element in the west to use the German language.

The hon. member for Winnipeg North Centre (Mr. Woodsworth) gave us his usual kernel of logic in his contribution to the debate, and I have no hesitation in predicting

that after the next election he will be sitting in the seat of the leader of the opposition. No comment, favourable, or otherwise, has so far been forthcoming on the excellent speech made by the hon. member for Lethbridge (Mr. Blackmore). Apparently what he said cannot be refuted or contradicted. His contributions to the debates of this house always contain material for thought, and I would predict of him that he will soon be called upon to assume the very important office of prime minister. In that event he will be confronted with the task of finding cabinet material. Some of it has already proven itself. What better minister of defence, for example, could be chosen than the hon. member for Bow River (Mr. Johnston) with his bigger and better armies and navies that ought to make the present Minister of National Defence blush with envy? He would get the necessary money, of course, from the new minister of finance, the hon. member for Calgary East (Mr. Landeryou), and the British North America Act would readily be amended by the member for Jasper-Edson (Mr. Kuhl) and one deputy by the name of Roger Smith.

Those responsible for the visit of the President of the United States to Canada last August and for the forthcoming visit of Their Majesties the King and Queen should be congratulated upon these attempts to foster better relations within the empire and with our great neighbour to the south. I am of opinion that better relations could be fostered with other countries by an exchange of visits between their respective leaders. While doubtless the results in some cases would be nil, in the final analysis a clearer understanding of each other's problems would follow and conduce to better relations.

The itinerary of their majesties' tour across Canada, so arranged as to prevent social exploitation, thereby permitting a wider territory to be covered within the short space of time available, should meet with general satisfaction. My constituency regrets that no provision has been made for a stop by their majesties at any important point within its bounds, but understands the difficulties in arranging an itinerary of the magnitude proposed.

Prominence has been given in the speech from the throne to the necessity of increased armaments because of developments in the international situation and their effect upon Canada; while at the same time it is acknowledged that there is a widespread desire for peace in the minds of the people. But what I am concerned about at the moment is what will happen when the present armament race is over. I hope that in preparing the estimates and legislation to come before the house this session the government will take into consideration the very unpleasant situation that is sure to arise when the resources of the nation will have been spent to produce scrap metal. In the event that no disastrous war culminates there will be thousands of men and women, released from the occupation of manufacturing armaments, demanding work by which to obtain food, clothing and shelter. Judging from present day difficulties in solving the problem of unemployment by methods now in effect, war preparation which ends in peace is more awful to contemplate in its social and economic reactions than if war had ensued with its casualty list or perhaps thousands of Canadian lives.

From about 1870 to 1940 in north America men were overrunning the continent and words could not seriously deflect the course of hustling and impetuous action. But those of us who lived through the great war, the great boom, the great depression and now observe the rise of dictators abroad are not so easy in our minds as were our fathers.

Even if not caught in a catastrophe of fighting, financial ruin, personal suppression, deportation and violence, one reads the headlines morning after morning with a kind of dazed incredulity.

What is the matter with people? What is the matter with governments? And, perhaps, more particularly, what is the matter with ourselves?

First, a war that killed thirty million human beings; then a speculative boom which, after producing more bad language to sell more propositions than in the entire previous history of finance, explodes like the airship Hindenburg. Finally, when a little headway has been made against economic disaster, the peoples of Europe, more civilized than any other group, prepare solemnly and deliberately to blow one another to molecules. By a course as relentless as a Greek tragedy they now move, white faced and slow, to that end.

If this government is contemplating the expenditure of fifty million dollars or more on preparations for war or defence, the program will doubtless be put over and men will welcome it as an opportunity to earn wages and get work. Business will also welcome it as an opportunity to make its profits. But if the urgency is so great for the security of our people—and from the information which we are able to obtain at the present time it would seem to be—it behooves this government to assume the entire responsibility for the provision of armaments at cost. The appointment of a commission or

a purchasing board to limit profits is to my mind entirely inadequate. Definite steps should also be taken to protect the general public against the rise in commodity prices in the eventuality of war,—a rise against which, we have been taught by the recent increase in prices in Great Britain, we should receive ample protection. The appointment of a purchasing board seems to me to be an acknowledgment on the part of the government that business cannot be trusted to play fair even where the lives of our people are at stake. Yet they laboured under the impression not so long since that business would assist in solving the unemployment situation. Doubtless they promised to do so in so far as it did not interfere with their profits. Blame has been attached to crop failures in the western provinces and business recessions in other parts of the world, but I ask you, has there ever been a time when there were not crop failures of some sort or a business recession in some part of the world which assisted governments, possibly, to evade their responsibilities? Blaming unemployment on such causes seems to me a very lame excuse; it gives the impression of an underlying desire for disaster somewhere in the world in order that business may be improved at home. How could the shortage of a commodity of which the world already has an abundance be a cause of depression, provided that we had the proper transportation and exchange facilities? As it stands now, the world has so much wealth that we are poverty stricken.

The National Housing Act, which was relied upon to provide some measure of relief from the present situation, cannot be said to be a success, and never will be until the people have steady incomes, even though small, and the security of living in the same locality long enough to enjoy a home. At the present time employment is somewhat like the weather; there is seasonal employment and seasonal unemployment, but unfortunately the people have to eat every day. Only a couple of months ago we had seasonal employment on the railroads. Business was heavy and in many parts there was a shortage of men until proper adjustments could be made in the staffs. In the meantime the men carried on to the best of their ability, in many cases working long hours without extra compensation. When depression or lack of business appeared on the horizon almost as suddenly as the boom, men were immediately laid off in large numbers and many positions abolished which had never been inactive before. In such circumstances—and we have the same conditions in all lines of business—how can an employee feel any security?

In connection with the railroads, the opinion is widely held that this government has not declared itself with sufficient emphasis on problems of amalgamation. Those who are in favour of and have continually broadcast propaganda throughout the dominion in support of amalgamation have not been met with the proper counteracting authorities whereby employees of the railway might be given the feeling of security to which they are entitled.

I have no desire at this time to prolong the debate on questions that will come up later, but I must say that the efforts of the government and the results obtained thereby have not alleviated the mental depression caused by our plight. I believe that the present situation can be appropriately summed up in the words of Oliver Goldsmith in The Deserted Village:

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates, and men decay.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, as the subject that I propose to speak about will likely take up my full time, I would appreciate it if the hon. members who introduced the address in reply to the speech from the throne will pardon me for omitting, so far as they are concerned, the usual amenities of debate.

Also, for the same reason I shall have to forego the pleasure I otherwise would have of referring to the coming visit of the king and queen, whose coronation I witnessed in Westminster Abbey. I want to refer to something left out of the speech from the throne which might well have been included in it. In the third paragraph of the speech on page 3 of *Hansard* we find these words:

> Our own relations with other countries continue friendly—

I maintain that after that might very well have been added the words:

> We regret to advise this country that with several of our provinces our relations are unfriendly.

I am going to deal with one reason why the relations of this government with the government of Ontario are unfriendly. I do not know that I particularly blame either government. Recently there has been a rather bitter disputation between this government and the government at Toronto over the question of the diversion of water from lakes and rivers of northern Ontario. The immediate cause of the flare-up was an article which appeared in the Toronto *Telegram* I believe on November 26, written on the subject of the Long Lake diversion by a staff writer, Mr. Roy Snider.

I do not believe there is a more competent and able writer in Canada on that subject, because he has thoroughly traversed the area and knows what he is writing about. His article contained illustrations of the dam on the Kenogami river some fourteen miles north of Long Lake, and a dam and diversion canal within six miles south of Long Lake. These diversion works are designed to divert waters from the Albany river, a watershed wholly within the Dominion of Canada, into the international watershed.

A local reporter representing one of the Toronto papers, I do not know his name, but one apparently thoroughly well posted on this subject, probably after having read the article written by Mr. Snider, approached the government to ascertain what would actually take place providing the Ontario government did, as was intimated in Mr. Snider's article, open the sluice gates five miles south of the height of land in the international watershed, and pour Kenogami river waters into the great lakes in violation of both the Boundary Waters Treaty and the Navigable Waters Protection Act. The government spokesman who replied to the reporter in Ottawa said:

> The federal government could not stand idly by and allow any violation of a treaty to occur by such diversion, unless the consent of the United States to the plans for diversion is first obtained. President Roosevelt declined Ontario's request last May for these diversions affecting the Albany river basin until the question of the St. Lawrence deep waterways scheme was decided upon.

That statement was quoted in the Toronto *Star* of November 29.

The purpose of my remarks is to lay the situation before the government, in the hope that they will refrain from permitting the Ontario government on any consideration to divert the waters of the Albany river watershed into the watershed of the St. Lawrence, because there is involved in that diversion a national menace and also an international menace.

Perhaps before going any further, as I have studied the subject so long, I ought to give a brief description of two types of diversion. First, there is the type of which the power canals at Niagara are an example. There, water is diverted out of the Niagara river south of the falls, and, after passing through the turbines in the power houses, flows back into the Niagara river north of the falls. This type of diversion does no harm to a watershed because the water is not taken out of it. But the second type is that illustrated by the diversion effected by the Chicago drainage canal. That canal diverts water from lake Michigan, part of the St. Lawrence watershed system, and carries it some thirty-four miles west into the Des Plaines river, which is part of the Mississippi watershed. The Kenogami river diversion is of that type, as would also be a diversion from the Ogoki river, to which I shall refer later. Both these diversions would be most injurious to the Albany river watershed, just as the Chicago diversion, which hon. members know has been the cause of a large proportion of the lowering of water levels on the great lakes and the St. Lawrence, has been injurious.

This opinion is not held in Canada alone. For several months last winter in Washington there was an application before congress for the passage of a bill called H.R. 8327, to permit Chicago to take 5,000 cubic feet per second from lake Michigan from January 1 of this year. As hon. members know, Chicago had to reduce its diversion on January 1 of this year under the decision of the Supreme Court of the United States in 1930. The bill of last year, which I believe is coming up again this year, was to forestall the effect of the reduced quantity of water to be taken by Chicago into the Illinois canal and the Chicago drainage canal.

In Washington on January 17 of last year, the mayor of Milwaukee, Mr. D. W. Hoan, speaking before the committee on rivers and harbours, after giving his version of the effect of the Chicago drainage canal on the water level of lake Michigan, said:

> It (the Chicago drainage canal) violates every moral right and every right of decency.

I say that statement applies to any diversion from the Albany river or the Kenogami river or the Ogoki river into the St. Lawrence watershed.

Hon. F. D. Culkin, member of congress, speaking of the Chicago diversion in the House of Representatives on January 18, quoted Hon. Charles Evans Hughes, one of the justices of the Supreme Court of the United States, when he was acting as special master on this question, in a proceeding between certain great lakes states and the state of Illinois and the city of Chicago, as saying:

> There was no warrant at law or in nature for this diversion.

And I say the same statement applies to the Kenogami river diversion or the Ogoki river diversion if this government permits either to take place.

Then Hon. F. D. Culkin himself said, on January 20:

> If anybody asks me I am going to tell them I do not think the congress of the United States has any power to take water from one watershed and place it in another.

I do not think so either. I think if either of these two rivers is diverted it will be a calamity to the watershed of the Albany river, one of the great rivers of the north.

The cause of the disunity as between the government of Ontario and this government is the neglect of this government to enforce section 4 of the Navigable Waters Protection Act, which states:

> No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the governor in council, nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the governor in council.

The governor in council did not give the Ontario government authority to build those works; yet the works have been built. This government should have informed the Ontario government in ample time that it could not proceed with this undertaking. The construction of those works is one of the reasons for the disunity that exists between the government of Ontario and the federal government. There they stand, out in the open, and I doubt very much if they will ever be placed in operation. In 1937 the public press quoted statements to the effect that the Ontario government intended to proceed immediately with the erection of the works in connection with the diversion of the Kenogami river, so that the federal government must have had full knowledge of it. The Ontario government also knew very well that it could not proceed with those works. Back in 1924, the question of diversion was brought to the attention of the present Prime Minister (Mr. Mackenzie King), and Hon. Charles Stewart, at that time Minister of the Interior, advised the government of Ontario that they could not proceed because of the Navigable Waters Protection Act and the Boundary Waters Treaty. In spite of that knowledge, however, the Ontario government went ramstam ahead and built a diversion control dam fourteen miles north of Long lake. It stopped work for a while, but later also proceeded to build a diversion canal and another diversion control dam south of Long lake.

On July 21, 1937, the Ontario government concluded that they had better let this government know that they proposed to carry on this work, and they did so through the provincial secretary. The Prime Minister replied to that letter, but not until September 7, when he wrote a letter recalling to the attention of the provincial secretary the fact that the diversion of rivers or lakes into the international watershed was a matter for the dominion government. He wrote a long letter to explain that. All he had to do was tell the Ontario government that they could not proceed with those works for three very good reasons; namely, that to proceed with them would be a violation of (1) the Boundary Waters Treaty; (2) the Navigable Waters Protection Act and (3) the natural flow of the waters of that river. In spite of that, however, the Ontario government proceeded with the construction of those works. In fact after receiving the Prime Minister's letter, in which the Prime Minister outlined to the Ontario government why this matter came under the two acts to which I have referred, the Ontario government proceeded with greater dispatch than ever in an attempt to finish the pouring of the concrete for the dam fourteen miles north of Long lake before hard frost set in. The work south of Long lake was stopped temporarily.

On February 14 last, the premier of Ontario wrote a letter to this government, which will be found in the white paper placed in the hands of each member of this house last session. I am going to deal with three passages contained in that letter. The first is as follows:

> In addition to this, the diversion would provide sufficient water to develop 35,000 horsepower, which will be required for the natural development of the district within the next two years—

I want the house to bear in mind that the Nipigon river flows some sixty or seventy miles west of Long lake and that, on that river, there are at present two very large power houses, at Alexandra Falls and Cameron Falls, developing some 60,000 horsepower. If those two power houses did not have sufficient extra capacity to provide the power, which Mr. Hepburn in this letter stated would be required within two years, then just a little further north on the same river, or I might say just south of the commencement of the river, at lake Nipigon, there are several magnificent falls, White Rapids falls, Rabbit Rapids falls and others, all very beautiful, which I am told could be utilized for the development of not less than from 90,000 to 100,000 horsepower. In addition, the publication of the Ontario government dealing with water powers in Ontario, in connection with the Kenogami river points out that within a few miles of the commencement of that river at Long lake—I went down the river myself, so I know the situation—there is ample capacity for the development of 20,000 horsepower. So that in my judgment, Mr. Speaker, the diversion of the Kenogami river is not necessary at all for the development of power. All the power required could be developed on the Kenogami or the Nipigon rivers.

Further, the diversion of the Kenogami river would destroy the 20,000 horse-power that can be developed north of the source of the river and north of Long lake. A further sentence, commencing at line 43, reads:

Since the attitude of your government was made known—

That is, made known in the Prime Minister's letter of September 7.

—we found it necessary to modify our proposed plans and we are now proceeding with only sufficient works to permit the transportation of pulpwood.

I went down the Kenogami river last summer, at which time I made a thorough survey north and south on the river and lake, and within the international watershed south of Long lake. The guides with me informed me that when Mr. Hepburn wrote his letter of February 14 to the Prime Minister the dam north of Long lake was completed. It was completed when I was there, and the work south of Long lake was well on towards completion. I can tell the Prime Minister today that all of the works are practically completed—the dam fourteen miles north of Long lake, the dam six miles south of Long lake, and the canal between the southerly dam and the south end of Long lake.

I beg the government to observe that five miles of the diversion canal and the control dam south of Long lake are located five miles within the international watershed, in absolute defiance of the Boundary Waters Treaty. That is a fine way to govern a country. I cannot help censoring both governments, this one for not enforcing section 4 of the Navigable Waters Protection Act, and the provincial government for proceeding to construct these works without authority. I ask the government. There are two good reasons why they should have acted, first, the Boundary Waters Treaty and second, the Navigable Waters Protection Act. What amazes me is the defiance of this government by the provincial government.

Then we come to the third quotation from the same letter from Mr. Hepburn, as it appears at line 17 of page 53. He writes in reference to the possibility of the Ontario government being able to obtain at Niagara Falls, a further diversion of water, equivalent to what they might pour into the great lakes from either the Kenogami or Ogoki rivers. He says this:

While recognizing the right of Ontario to further divert these waters at Niagara—

That is, for the generation of power. I want to warn the government, as forcibly as I can, under no circumstances to consider the revision of the clauses in the Boundary Waters Treaty pertaining to the division of water at Niagara Falls. At present, under that treatey, Canada receives 36,000 cubic feet per second, the United States receives only 20,000. Last summer, while pursuing this study in Washington, namely the whole subject of diversion, I came in contact with a sentiment there of which this government ought to take notice. It was that if Chicago can get along with the 1,500 cubic feet per second, which it now diverts out of lake Michigan, instead of the 10,000 it was taking some few years ago, the probabilities are that we will be asked for a revision of the Boundary Waters Treaty. So that instead of the Ontario government obtaining the right to divert an additional 1,200 cubic feet at Niagara Falls for the Kenogami diversion, and 4,000 cubic feet per second for any diversion from the Ogoki, a total of 5,200 cubic feet per second, they are likely to receive from the United States a request to redivide on a fifty-fifty basis. I warn the government under no circumstances to permit the diversion of those waters from the Kenogami or the Ogoki, and not to ask for a change in the Boundary Waters Treaty, if Chicago can get along with a lesser diversion than it has been taking.

I have been under the impression for some time that the reason the United States allowed us 36,000 cubic feet per second at Niagara Falls and took only 20,000 themselves, was that out of our 36,000 cubic feet per second they received the power developed from 13,600 cubic feet per second of our water. But it appears that is not the reason. They allowed us that extra water on account of the Chicago drainage canal diversion, a fact which came out last winter at the hearing in Washington of the application of the Chicago people for more water. At that hearing Hon. C. A. Newton quoted the late Hon. Elihu Root. At the time the Boundary Waters Treaty was written Mr. Root was Secretary of State for the United States. In explaining to the senate committee why he permitted Canada to obtain 16,000 more cubic feet per second at Niagara Falls than was received by the United States, he is quoted by Mr. Newton as having said:

Elihu Root, then Secretary of State in 1909, in explaining the treaty to the United States senate, said that the Chicago diversion was taken into account. He said that the reason the state department permitted Canada to take 36,000 cubic feet per second for power at Niagara falls, while the United States only got 20,000 cubic feet per second was that this country—

The United States—

—was taking 10,000 cubic feet per second out of the St. Lawrence watershed at Chicago.

Again I say to the government that if Chicago does get along with 1,500 cubic feet

per second instead of 10,000, we might anticipate that the United States would ask for a revision of the Boundary Waters Treaty. I would not bring it up, and I would not permit diversion from the Kenogami river as an excuse for bringing it up.

May I comment further on the whole Long lake area. After making a thorough survey of it, I cannot see why in explaining its attitude in reference to the exportation of pulpwood the Ontario government contends that there would be difficulty in getting the pulpwood out of the area, and further that the pulpwood could be ground into paper at Schreiber on lake Superior. The pulpwood could be ground into paper at Long Lac where there is a good townsite. The power required could be developed on the Kenogami river, and it would be cheaper to grind the pulpwood into paper there than to divert the wood to some other point. If there is determination to take the pulpwood down to lake Superior, it would be a simple matter to do it. The height of land south of Long lake is low, and is only a mile south of the lake. It would be a simple matter to run a light railway over the height of land to transport the material to the lake five miles south of the height of land, from which point it would go naturally by water down to lake Superior.

There is no reason whatever that I can see for that diversion. If the Ontario government follows my advice it will do what was done in connection with the Newmarket canal. At the present time the locks of the latter canal are located out in the fields. The canal itself will never be used, because it has long since filled in. I suggest to the government that they leave this dam south of Long lake as an example of governmental folly, just as the Newmarket canal is an example of governmental folly. Fill in the ditch south of Long lake. In any event do not become entangled internationally over the diversion of water from these rivers to the ruination of the Albany river watershed.

I should like to refer to the Prime Minister's letter of February 22 last, which appears in the white paper. He stated:

> Your letter, after indicating the benefits of the Kenogami diversion project to the province, goes on to suggest that because of the attitude of our government the works under way have had to be partially suspended or cut down.

They were stopped for a short time but later on were rushed to completion. The letter continues:

> As the works were started before the necessary consent under the Navigable Waters Protection act had been assured, or the discussions concluded as to the possibility of an arrangement with the United States, it is

[Mr. MacNicol.]

apparent the responsibility for the situation which has arisen does not rest on the Canadian government.

Of course it rests with the Canadian government. Why was the Ontario government not stopped from proceeding with these works? Why was the Ontario government permitted to erect these diversion works north and south of Long lake? They certainly had no authority to proceed with them. It sems to me that our Navigable Waters Protection act is not tight enough and I suggest an amendment to conform with the United States act. The word "commenced" should be added to the first line of section four. If that word had been in the act then the Ontario government would be wholly to blame, but under the present circumstances this government must bear part of the blame.

The diversion of water from the Kenogami river will have a disastrous effect upon the Albany river, and the proposed diversion of water from the Ogoki river will be four times as disastrous to the Albany river. The Ogoki river has about four times the volume of the Kenogami. It is proposed to divert 1,200 cubic feet per second from the Kenogami and 4,000 cubic feet per second from the Ogoki. That is just about the amount of water that Chicago is asking for. There seems to be more behind this whole business than appears on the surface. I do not think the movement of pulpwood and the generation of power south of Long lake is the whole reason for this diversion. I may be entirely wrong, but I have the idea that what is behind it is the delivery into the great lakes of 5,000 cubic feet per second so that Chicago may take that much more water from the great lakes without further lowering their level. The diversion should not be allowed to go on.

The Ogoki river is a fine, beautiful river. Its width varies from five to six chains, I have been over a good deal of it. The proposal of the Ontario government is to erect a dam at Waboose falls on the Ogoki river. At the present time the stakes are in outlining the location of the dam at these falls. It is proposed to erect a dam 35 feet high. The falls themselves are 1,035 feet above sea level and the dam will raise the water level sufficiently high to back up the waters of the Ogoki river a distance of about forty miles.

Calm lake is about forty miles west of the falls and if the water is raised 30 feet, it will submerge Calm lake, and create a new lake of about 750 square miles.

If water is diverted from the Ogoki river, it will be ruinous to the Albany river. I am told

by those who use the Albany river for transporting supplies into the hinterland of northern Ontario that if the suggested diversions are made from the Kenogami and Ogoki rivers, the Albany river will not be navigable during the summer months. Navigable waters are under the control of this government, and it seems to me that the government has been asleep at the switch so far as these diversions are concerned. This government should have acted to stop the proposed works on the Kenogami river, and they should have taken a definite stand in connection with the Albany river. This government ought to have taken a stern stand; they should have said to the Ontario government that navigable waters are under their control and that no diversion may take place from these rivers because it would destroy the navigability of the Albany river.

I want to point out to the government and to this house how difficult it is to revoke an agreement to divert water. I refer hon. members to the Massena diversion under which some 25,000 cubic feet per second is diverted from the St. Lawrence. This diverted water flows for three miles across New York state and is then poured into the Grasse river. It appears that about 1896 an engineer was canoeing up the Grasse river and he observed that there were practically no obstructions going up that river and scarcely any current to contend with until Massena was reached. He also knew that some three miles away were the Long Sault rapids in the St. Lawrence river. From a point north of Massena, on the Long Sault rapids, to the foot of the rapids is a distance of eleven miles. The Grasse river flows into the St. Lawrence at about the foot of the rapids. Within the eleven miles on the St. Lawrence the river drops forty feet, whereas the Grasse river in its eleven miles hardly drops at all. It was a clever idea, and of course, on being presented to the St. Lawrence River Power Company, the company obtained a charter to build the Massena power canal. That was prior to the Boundary Waters Treaty. It would never have been done had the Boundary Waters Treaty been in existence.

In 1918, the last year of the war, the St. Lawrence River Power Company applied to the International Joint Commission, which had been created under the Boundary Waters Treaty, for the right to place a weir or dam across the Long Sault or south channel of the St. Lawrence river. On this application from the St. Lawrence River Power Company being presented to the International Joint Commission, on the ground that they required additional power in order to supply the allies with very necessary war materials, the commission granted the company the right to place a weir across the south channel. That was a violation of the Webster-Ashburton treaty, which forbids any obstruction in any branch or part of the St. Lawrence river, and provides that the water shall run free on either side of the river. But permission having been granted, the St. Lawrence River Power Company commenced to erect a weir in the fall of 1918, and the agreement was that the weir, within five years or at the termination of the great war, was to be removed from the river. But as this government well knows, that weir is still in the river. I looked over the whole territory last summer and saw the weir myself. The result is that navigation in the south branch of the St. Lawrence river is impossible to-day. Even a canoe cannot go down the south branch without making a portage because of the weir.

The federal government—I do not mean this particular government—in 1922 made a very strong effort to have the diversion stopped and the weir taken out of the river; but they achieved neither object. The fact is that the weir is still there. Once the right has been given to divert water from or into an international watershed, since the United States has to be a signatory to the agreement its signature is also necessary to stop the diversion. I submit that if this government entered into any agreement with respect to the Kenogami river to divert water into the international watershed, once that was done nothing could stop the diversion, because we have not been able to stop the Massena diversion. Furthermore, I believe that the diversion of these rivers into the great lakes is not necessary.

Mr. SPEAKER: I do not want to interrupt the hon. member, but I must inform him that his time is exhausted.

Some hon. MEMBERS: Go ahead.

Mr. LAPOINTE (Quebec East): Yes, by leave of the house.

Mr. SPEAKER: With the consent of the house.

Mr. MacNICOL: Thank you, Mr. Speaker; I shall take only a moment or two longer.

I am one of those who believe that, if and when the St. Lawrence canal is considered, it will not be necessary to divert water from Canada into the great lakes watershed because there are other engineering means of taking care of any lack of water.

In reference to diversions of water generally, I might say, now that I have been accorded extra time, that this whole scheme of diver-

sions is built on a misapprehension. This whole fantastic, bizarre scheme of diversions springs from a mistaken conception of the real situation in northern Ontario. Perhaps the first man to bring this subject to public attention was an eminent engineer, for whom I have a very warm regard—I know him well—Mr. Ralph Keemle. I believe Mr. Keemle was up in that country in 1922, and he conceived the idea of making a lake up there, not a large one, by confining the waters of lake St. Joseph and lac Seul, and diverting them across into the Ogoki river, thence down into lake Superior via the Little Jackfish river, then on east. Mr. Keemle conceived the idea only as an interesting engineering problem; and it is an interesting engineering problem. He presented his idea to the late Sir Adam Beck, but, as far as I can ascertain, Sir Adam Beck did not do anything about it except to send out a reconnaissance party. I met a couple of parties up there myself later.

But Mr. Lorne Campbell, another engineer, wrote an article on Mr. Keemle's proposal, and he himself conceived the idea of making a very large lake in that country, of an area of about 15,000 square miles. His idea was to run a dam across from a point near Waboose on the Ogoki river to the Albany river, about thirty miles away, to dam the waters of these two rivers and make a great lake; and then the waters would be poured south into lake Superior. He wrote an article upon his scheme, and that article is commented upon in the *Canadian Engineer* of October 6, 1925, in these words:

"You would have a lake with an area of approximately 15,000 square miles," says Mr. Campbell. "You would have a flow of water from this lake estimated to be from 15,000 to 18,000 cubic feet per second, easily controllable at the canal gates. It would permit a volume more than ample to meet every difficulty with which we are now confronted, and permit Chicago to take an even greater amount of water for drainage purposes than she is now using."

When Mr. Campbell's article was brought to the attention of Mr. Keemle, who had first conceived the idea of making a lake in that territory but had thought of it only as an interesting engineering possibility, he wrote a letter to the Canadian Engineer of November 3, 1925, in which he says:

The sixth great lake, as suggested by myself, covered merging lake St. Joseph and lac Seul into one large lake by constructing dams at the outlets of both lakes and flooding out of the height of land. This lake could be used for storage for the Great lakes and the English river basin, and might lead the way for a ship canal to the west. It would flood 1,000 square miles of land and necessitate raising sections of the Canadian National railways. The value of the lake scheme is problematical and was not stressed by myself, but mentioned only as an interesting engineering possibility. Mr. Campbell seems to have conceived the same idea in practically the same words, although at a later date, but he has mislocated this lake on the map and exaggerated its dimensions.

So it was, Mr. Speaker, because of the Chicago diversion the question became a continental one and was taken up by many engineering papers.

The whole scheme of these diversions or proposed diversions was built on an impossible lake located in an impossible position. In closing, I would warn the government not to allow the Ontario government to proceed as they are proposing to do with the opening of the sluice gates south of Long lake. It was that which probably caused the recent blow-up between this government and the government of Ontario. I warn them, that if they permit those diversions to take place, they may rightly expect that when they apply to Washington to permit Ontario to take that much more water at Niagara Falls, which will result from the diversion of those two rivers, namely 5,200 cubic feet a second, they may anticipate an application from Washington to revise the clauses in the Boundary Waters Treaty pertaining to the diversion at Niagara Falls, probably to permit of a diversion on an even basis, provided the necessities of Chicago can be taken care of by the diversion now taking place at Chicago, namely 1,500 feet a second. It would be much better, as I said a few moments ago, to let that dam south of Long lake stand there, idle as the locks in the Newmarket canal stand idle. Better fill up the canal south of Long lake and never let water pass through it.

All governments occasionally make errors, and while I believe that the works have already cost in the neighbourhood of two million dollars, it would be better to forget that expenditure than to get into trouble internationally with our cousins to the south. The fact that this government did not stop the Hepburn government from proceeding with these works in 1937 is one of the reasons for the disunity between the province of Ontario and the government of Canada.

On motion of Mr. Gardiner the debate was adjourned.

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

Thursday, January 19, 1939

The house met at three o'clock.

RADIO BROADCASTING

REFUSAL OF BROADCASTING PRIVILEGES TO PUBLISHER OF TORONTO GLOBE AND MAIL—TABLING OF CORRESPONDENCE

Hon. C. D. HOWE (Minister of Transport): I desire to lay on the table, as requested by the leader of the opposition (Mr. Manion), all correspondence relating to the broadcast of Mr. George McCullagh.

LORD'S DAY ACT

PENALTY FOR OFFICERS AND DIRECTORS PERMITTING VIOLATION OF THE ACT

Mr. H. E. BRUNELLE (Champlain) moved for leave to introduce Bill No. 7, to amend the Lord's Day Act.

Some hon. MEMBERS: Explain.

Mr. BRUNELLE: This bill, Mr. Speaker, is similar to the one which passed this house last session, but which was rejected by the senate. Its purpose is to change the method of punishing those who violate the provisions of the Lord's Day Act. It is felt that the penalties should be more severe.

Motion agreed to and bill read the first time.

FRUIT

EMPIRE CONTENT REQUIREMENT AFFECTING UNITED STATES FRUIT CANNED IN CANADA AND EXPORTED

On the orders of the day:

Mr. GORDON GRAYDON (Peel): A Canadian Press dispatch from Hamilton, Ontario, carried in the local press this morning, under the headline "U. S. Fruit is Masked as Canadian Product." states that United States fruit is being canned in the dominion and exported to Great Britain under empire preferential tariffs. This charge was made by delegates attending the Ontario Fruit Growers' meeting in Hamilton yesterday. Will the government give assurance to the house that these charges will be fully investigated at once and that such steps will be taken as may be necessary to ensure that the entire fruit content of each container of processed fruit exported to Great Britain is of empire origin?

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, a letter was addressed to me by the hon. member which, through no fault of his, did not come to my attention until just a moment or two before I entered the house.

My recollection is that the canners, at certain seasons of the year, when a supply is not available in this country, do import certain fruits for canning, which fruits are later exported. The rule, of course, is that in order to get the advantage of the preference in the British market there must be a certain percentage of Canadian content. I think it is fifty per cent, but I am not going to commit myself on that point because I am not quite certain on the point.

I need only say to the hon. member that I shall be very glad to make an investigation with regard to the matter.

OLD AGE PENSIONS

PAYMENTS TO THE OLD AND THE BLIND IN THE PROVINCE OF QUEBEC

On the orders of the day:

Mr. VINCENT DUPUIS (Chambly-Rouville): In the speech from the throne read yesterday by the lieutenant-governor of Quebec I find the following paragraph:

> Owing to the measures carried out by the present government, the old and the blind of Quebec are receiving monthly a sum of approximately one million dollars.

As this statement is bound to lead the people into error I should like to know from the Minister of Finance (Mr. Dunning) first, who established the old age pension in Quebec—

Some hon. MEMBERS: Order.

Mr. DUPUIS: I would like hon. members opposite to be patient. First, who established old age pensions in Quebec; second, how much of the $1,000,000 paid monthly is paid by Ottawa?

Hon. CHARLES A. DUNNING (Minister of Finance): The hon. member advised me a few moments ago of his intention to ask this question, and in the short time available I have endeavoured to obtain information which, if it is not complete, I will supplement later.

The old age pensions paid in the province of Quebec have averaged in the neighbourhood of $855,000 per month for the last three months. For the same period they have averaged about $29,000 per month for pensions for the blind.

With regard to the second question, the agreement between the government of Canada and the government of Quebec with respect to old age pensions, my answer is that it was initiated not by the present government of that province but by its predecessor. I should have pointed out this most important

fact, that of the $855,000 per month and the $29,000 per month seventy-five per cent comes from the federal treasury.

TARIFF BOARD

INQUIRY AFFECTING RADIO INDUSTRY—REPORT ON RADIO TUBES

On the orders of the day:

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, I should like to ask the Minister of Finance (Mr. Dunning) whether the report of the inquiry into radio tubes which has been conducted by the tariff board will be submitted at an early day?

Hon. CHARLES A. DUNNING (Minister of Finance): I have no report at the present time, but I shall make inquiries in the matter.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Wednesday, January 18, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, rising to speak to the motion for an address in reply to the speech from the throne and the proposed amendments thereto, I desire to join with all other hon. members who have congratulated the mover (Mr. Matthews) and seconder (Mr. Chevrier) upon the very able manner in which they addressed the house. May I also extend congratulations to the leader of the opposition (Mr. Manion) upon his having again taken a seat in the house, and particularly upon his having assumed leadership of the Conservative party in Canada. Further, may I join with all those who have spoken so kindly and affectionately of the coming visit of the king and queen to Canada.

On the order paper there are several resolutions having to do with agricultural matters, and particularly with the question of policy in regard to wheat, and in that connection I wish to place on *Hansard* some information which I believe will be of interest and assistance to hon. members in arriving at conclusions in connection with some of the matters which will come before parliament during the present session.

There has been considerable discussion in connection with the increase in acreage for the production of wheat in different countries, and there is some indication that that discussion has had an effect upon the line of thinking of hon. members. Particularly has there been discussion with regard to the increase in acreage in the four great exporting countries, the United States, Australia, the Argentine, and Canada.

The first set of figures I should like to place upon *Hansard* has to do with the average annual acreage sown to wheat between 1926 and 1935 in the following countries:

	Average acreage for period, 1926 to 1935 (million acres)
United States	66·4
Australia	14·1
Argentine	19·4
Canada	24·8

During that period of ten years in these four countries there was little variation in acreage as between one year and another. During the last five years of that time the price was low, averaging in Canada about 81 cents Fort William. The acreage sown to wheat in 1936, the year following the ten year period to which I have just referred, is as follows:

	Acreage sown to wheat in 1936 (million acres)
United States	73·6
Australia	12·3
Argentine	17·5
Canada	25·6

In three of those countries it will be noted there was no considerable increase in acreage over the ten year average. There was however an increase of seven million acres in the United States. The average price of wheat in Canada for the 1936 crop was $1.22 per bushel, No. 1 northern, Fort William. The figures for 1937, the last year for which they are complete, show the following acreages:

	Acreage sown to wheat in 1937 (million acres)
United States	81·4
Australia	13·7
Argentine	18·9
Canada	25·6

In three of the countries the acreage seeded to wheat again remained practically the same as for the previous ten year average, while that seeded in the United States increased by about eight million acres over the preceding year and by about fifteen million acres over the ten year average. Wheat sold in 1937 in Canada at an average price of about $1.31 per bushel No. 1 northern, Fort William.

I wish to comment upon those figures only to indicate that there has been a certain obstruction put upon trade between this country and the United States, in relation to wheat. During all that period there has been a duty of about 42 cents per bushel on wheat going into the United States. The result has been that while during a considerable part of the period we had in Canada a surplus of wheat stored in our elevators, for which we had not found a sale in the world markets, and while during considerable part of the period there were dry years in the wheat growing areas of the United States, our wheat did not move as freely into that market as it might have done under entirely different circumstances. In other words, obstructions of that kind have resulted in our friends in the central part of the United States trying to produce sufficient to supply their own market, with the result that their acreage has increased by about 15 million acres in the last two years, when prices were fairly good, and with rainfall of an average quantity in 1938 over that area the United States produced a bountiful crop and placed at the disposal of the world 300,000,000 bushels of wheat that we scarcely know what to do with to-day. That 300,000,000 bushels of wheat represents just 20 bushels to the acre over the 15 million increase in acreage which took place in the United States.

Then, returning to these four countries and dealing with them in another way, we find the following acreages for the year 1914, just prior to the war:

	Wheat acreage in 1914 over (million acres)
United States	53
Australia	9
Argentine	14
Canada	10

In other words there were 87·76 million acres sown to wheat in those four great exporting countries in the year prior to the war while in 1937 there were 139·6 million acres.

Commenting upon that great increase in acreage I would call the attention of the house to the fact that the increase in Canada was from 10 million to 25 million acres, an increase of approximately 15 million acres in that period of time. I believe hon. members will agree when I say that whether or not there had been a war, in view of the policy which had been pursued prior to the war of bringing immigrants in large numbers from all countries to Canada, that development of wheat acreage would have taken place. In other words it is only natural that wheat acreage should have increased in a great and new country such as Canada in the period between 1914 and 1925, during which time the lands in Canada were for the first time being broken up and settlers were being placed in sections of the country previously undeveloped.

Coming now to the countries of Europe—because not only do they produce wheat, but it is in Europe that we need a market for our surpluses—we find that Great Britain, Ireland, Belgium, Denmark, The Netherlands, France, Germany, Italy, Austria, Czechoslovakia, Switzerland, Norway, Sweden, Greece, Portugal, and Spain, were all affected more or less by the war in Europe in so far as wheat acreage was concerned. In 1914 the acreage in all those countries totalled 46,190,000. In 1937, the last year for which I have complete figures, the acreage in these countries totalled 51,090,000. There was an increase of approximately 5,000,000 in the total acreage of these countries. The greater part of this increase occurred in the Scandinavian countries which were not directly engaged in the war. During the war period and the further period of high prices these countries naturally increased their acreages. The point I wish to make is that Germany, France, Italy and some of the other larger countries which under certain circumstances might be considerable importers of wheat had not increased their acreage materially in 1937 or 1938 over that which they were cultivating prior to the war. The increase in acreage which did take place in Europe between 1918 and 1925 was to recover that which had been lost during the years when armies were marching over the natural wheat fields of those countries. There is nothing we can say by way of criticism with regard to the increased acreages in those particular countries.

On the other hand, there has been a very material improvement in Germany and Italy in the methods of producing wheat. Methods of cultivating and fertilizing have been improved to such an extent that these countries now obtain a much greater bushelage than they did previously. With a good season they are able to produce at the present time more wheat from the same acreage than they did in the years prior to the war. I think it is important that we should have these facts before us when discussing matters pertaining to that part of the agreement which has to do with the production of wheat, and I place them before the house in order that they may be available to hon. members when they are discussing this matter from day to day as the session goes along.

There were two statements made by the hon. leader of the opposition (Mr. Manion) with regard to wheat and the actions of the government in relation to wheat, and that part of the trade agreement which has to do with wheat, and which I wish to comment upon for a few moments.

The first statement was that every bushel of United States wheat that goes into the British market replaces just that much Canadian wheat. I do not agree entirely with that statement. Every bushel of United States wheat that goes into the British market does not necessarily replace a bushel of Canadian wheat. Every exporting country in the world is attempting to enter the British market, and practically every exporting country in the world does enter the British market. The extent to which we are not able to compete with our United States friends and with all other producers of wheat throughout the world may and does have some effect upon the amount of wheat which we can sell in the British market, but every bushel of wheat that goes into the British market from the United States does not necessarily prevent a bushel of Canadian wheat from entering that market.

Reference was made by the hon. gentleman to the so called six-cent preference which we have on wheat entering the British market. Before going on to deal with this in detail may I say that when we were asked by the British government to consider releasing them from their obligation to give a six-cent preference to Canadian wheat, we were not the only country in the empire asked to do this. Australia was asked also, and Australia consented. Australia is the greatest competitor within the British empire that Canada has in the British market. Australia consented and Canada consented. Why did these countries consent? Because we realized that if these two countries could sell all their wheat in the British market, if there was no other country permitted to enter that market, then the six-cent preference might have some effect upon the sale of our wheat in that market, or upon the price that we might receive for the wheat we sold there.

However, the moment that either Australia or Canada has more wheat than it can sell in the British market, it must enter the world market in order to obtain a market for its wheat. Immediately we go into the world market outside of Great Britain we must accept the world price. I think everyone in this house will realize that in spite of sentiment the British always have been wise enough in a business way to buy their food products from the country in which they can get them cheapest, provided they are of the same quality. In other words, because of the good, hard business sense of the purchaser of wheat in Great Britain we are forced on to the world market level. So far as we have been able to make out during the period this agreement has been in existence, the six-cent preference has not benefited the wheat growers of the western or any other part of Canada.

I should like to deal with a further question which was raised by the leader of the opposition. He said:

> There is the question of how business going through our own Canadian ports will be affected.

He was referring to the removal of this six-cent preference. I think I can best answer that statement by calling attention to what has actually happened. Quite properly the leader of the opposition said that it is impossible for any member at this particular stage in the development of these agreements to determine just what the results are going to be. The agreement which put into effect the so-called six-cent preference was in existence from 1932-33 until January 1 last. Wheat has been going through Canadian ports for the last eleven years and longer. I ask you, Mr. Speaker, to bear with me while I place on *Hansard* the particulars of the shipments of wheat through Canadian ports for the five years prior to 1932-33 and the five years following 1932-33. What do we find? For the five years prior to 1932-33 the shipments were as follows:

	Canadian wheat bushels	United States wheat bushels	Total bushels
1927-28	184,594,000	53,376,000	237,970,000
1928-29	229,952,000	46,779,000	276,731,000
1929-30	93,171,000	16,434,000	109,605,000
1930-31	148,620,000	9,988,000	158,608,000
1931-32	135,503,000	8,784,000	144,287,000
Total 5 years	791,840,000	135,361,000	927,201,000

For the five years following, the shipments were:

	Canadian wheat bushels	United States wheat bushels	Total bushels
1933-34	127,650,000	682,000	128,332,000
1934-35	95,216,000	....	95,216,000
1935-36	140,784,000	....	140,784,000
1936-37	124,590,000	120,000	124,710,000
1937-38	63,575,000	5,259,000	68,834,000
Total 5 years	551,815,000	6,061,000	557,876,000

The total amount of Canadian wheat shipped through Canadian ports in the five years prior to the coming into effect of that agreement was 791,840,000 bushels; and the total shipped in the last five-year period was only 551,815,000 bushels. Of United States wheat 135,000,000 bushels were shipped in the first period, and 6,000,000 bushels in the second period. That makes a total shipment in the first period of 927,000,000 bushels, and in the second of 557,000,000.

My hon. friends of the opposition will no doubt tell me exactly what came into my own mind when this matter was being discussed the other day, that a great many factors enter into the shipment of wheat through Canadian ports, and that this is not the only factor that might have a bearing upon such shipment. But the leader of the opposition the other day based his percentage argument on the fact that 84·9 per cent of Canadian wheat passed through Canadian ports in a certain year, the last year for which he had the figures, and only 15·1 per cent through United States ports. I call his attention to the fact that there were only 63,000,000 bushels shipped through our Canadian ports in 1937-38, in spite of the fact that it constituted 84·9 per cent of the wheat shipped through the different ports. But in another year, when the percentage figure was entirely different, there were 140,000,000 bushels shipped through Canadian ports; in another year, 135,000,000 bushels, and in another year, 229,000,000 bushels. I venture to suggest that the people of Saint John and Halifax, if they are to be affected by this argument at all, would much rather have the conditions prevailing in production, acreage and marketing where there is an annual shipment of 229,000,000 bushels through our ports rather than the 63,000,000 bushels that went through in the year when my hon. friend's percentage argument seemed to be a strong one.

Mr. MANION: I do not wish to interrupt my hon. friend, but has he the figures of the Canadian wheat crop in those various years?

Mr. GARDINER: I have not the figures here, but I frankly admit that the crop has a great deal to do with the figures, and that is the point I am trying to make, that the removal of the six-cent preference has very little, if anything whatsoever, to do with the amount of wheat that is to be shipped through the maritime ports. As a matter of fact I looked up some other information which has a much greater bearing on the shipment of wheat through maritime ports than anything having to do with the six-cent preference, and this is the information I have. Most of the grain exported through Saint John and Halifax is drawn from Canadian bay ports and it is carried by water from the head of the lakes during the season of navigation. For a great many years past the Canadian railways, with respect to grain for export, have placed the ports of Saint John and Halifax on a footing of equality, so far as railway rates are concerned, with competing United States northern Atlantic ports—Boston, Portland and New York. In other words, you can ship wheat from bay ports on lake Huron for Halifax and Saint John for the same rate that you can ship wheat from Buffalo to United States ports on the Atlantic coast, and that will explain why a great deal of wheat under certain circumstances has gone through our Canadian ports. It is a special arrangement made through our board of transport commissioners and otherwise to give rates to our Canadian ports which will make it possible for wheat to pass through them. So that in addition to the crop figures in any particular year, you have this other factor which has a bearing on the shipment through Canadian ports.

And there is another which should be considered. Something was said the other day by way of comparison of the shipments through Canadian ports before the war and now. But in 1913 and 1914 the storage facilities in all the ports of Montreal, Quebec, Halifax and Saint John for the handling of wheat on the eastern borders of Canada amounted to only 9,000,000 bushels; in other words there were only 9,000,000 bushels of elevator storage in the harbours of eastern Canada in those years. In 1923 that had increased to 15,000,000 bushels, and quite a considerable part of that increased storage capacity was installed in the year 1922.

In 1928 there was space for 19,000,000 bushels and in 1938 for 21,000,000 bushels. I believe that that increase in the facilities, which was provided largely by the government under my right hon. leader during the time he was in power previously, had considerable to do with the increased shipments of wheat from our Atlantic coast, so far as it was not brought about by crop increases and otherwise during that period; and as my hon. friend the Minister of Finance (Mr. Dunning) suggests to me, that is true particularly of the shipment of United States wheat. The facilities in our eastern ports to-day for the handling of wheat are much greater than they were before the war.

Something has been said with regard to the effect generally upon business of anything that might decrease the shipment of our wheat through these particular Canadian ports. I have in my hand a copy of an article published in the St. John *Telegraph-Journal* of January 10, 1939, which contains several columns of comment on this very question, but the only passage I shall quote reads as follows:

> But, as stated, freight follows grain; and if St. John is to hold her place in world trade traffic, all the available pressure must be brought to bear now.
>
> The federal government has bonused western farmers, at a cost estimated at $60,000,000, guaranteeing the price of eighty cents per bushel for grain which to-day sells for sixty-five cents.

They go on to argue that because of that, and because of the importance of wheat to business in our Atlantic ports, the government of Canada should do something to see to it that wheat goes through our Canadian ports. The point I wish to emphasize in connection with that statement is that wheat is not only of great importance to Halifax, Quebec, Saint John and Montreal, but it is equally important in the business build-up of cities like Fort William, and of a city like Vancouver on our western coast. It is just as important to Vancouver as it is to any of these cities on the Atlantic coast that are mentioned in this article. In other words, as has been stated time and again in this house and throughout the country, wheat produced in the central part of this continent to be shipped to the importing countries of the world is a commodity that affects the whole financial set-up and business set-up of this country; and because of that, there are certain arguments that can be adduced with respect to this particular commodity that do not apply with nearly the same force to some other commodities.

I have not time to deal further with the question of wheat to-day; in any event there are so many resolutions on the subject on the order paper that I do not think it is necessary for me to say more at the moment. But I have put this information on *Hansard* so that it will be available to any member of the house who wishes to have it.

There has been some discussion since this debate opened as to whether the policy of the government was sound when we contended prior to the last election—and we have followed that policy since—that trade has a great deal to do with the settlement of unemployment and other problems having to do with the development of the Dominion of Canada. The argument was summed up by the leader of the opposition the other day somewhat to this effect, that under our agreement with the United States we were paying $40 per head for what we purchased from the United States while they were purchasing goods from this country to the extent of only $3.50 per head. Now if we followed that argument to its logical conclusion we in Canada would have to sell $2,400 worth of Canadian products per family in order that the Americans might be on the same per capita basis as the Canadians who are purchasing goods from the United States. In other words the argument of my hon. friend is reduced to ridiculous proportions.

Mr. MANION: Why not have the Americans increase their purchases?

Mr. GARDINER: He started out to argue that the United States should purchase from us per capita as much as we purchase per capita from them. We, being the smaller country of the two, a country in its stage of development, a country producing great quantities of natural products which are consumed by a dense population, naturally sell a great deal to the American people; but if my hon. friend wants us to sell as much to 130,000,000 people per capita as they sell to us per capita, with our 11,000,000 people, the United States would have to buy $2,400 worth of goods from every family in the Dominion of Canada. If my hon. friend works out the figures he will find that that is correct. Anyone who follows out the argument knows that while that might be desirable for Canada, so far as the United States is concerned it would be an absolute absurdity.

Then we have the question raised whether this is a matter which could settle our unemployment problem, or whether the world situation to-day has had the effect upon our unemployment which we as a government maintain it has. I would call attention to the fact that experiences such as the present are not new. We had a similar experience

just fifty years ago; we had another twenty-five years ago, and on each of these occasions exactly the same results ensued as those produced by the influences of this present period. The other day I picked up a copy of a western paper which was edited fifty years ago by a gentleman who either at that period or a little later was a member of this house, and I was surprised to find in it this statement, in the editorial column—this relates to the year 1888:

> From this distance war in Europe seems inevitable. War is a dreadful curse, yet it will put up the price of wheat.

Fifty years ago they were talking about the same influence as we have been talking about in these recent months.

> A dispatch from Rome said France must sooner or later endeavour to break the iron circle in which the unity of Italy and Germany has bound her.

That statement is identical to one which might be seen on the front pages or in the editorial columns of a newspaper to-day. And everyone who remembers the eight-year period from 1888 to 1896, about the same in point of duration as the period of stress through which we have just passed, recalls that the conditions were similar to those we have just experienced. Unemployment was just as rife, unemployment camps were just as numerous, people were getting lower wages and lower prices than we are getting now.

But, not to prolong the argument as to what happened fifty years ago, let us come down to twenty-five years ago. I ran my first election campaign in 1914, in the period immediately preceding the war, and I recall that the arguments at that time were similar to the arguments we hear now. I recall that in June of 1914 young men were sitting on the curbstones of the city of Regina and elsewhere waiting for jobs, in a period when we still had homesteads available in the western part of Canada. I recall that very shortly after that a disturbance arose which had been threatening the world for two and a half years and which convinced us as to what was the cause of unemployment. And recently, within the memory of everyone who is sitting in this house, no matter how young he may be, we have had proved to us that there has been an accumulation of causes leading to a similar result which was staved off in September of last year only by the efforts of Mr. Chamberlain, the Prime Minister of Great Britain. Knowing that, we are convinced that the greatest problem which confronts the people of the world to-day is that of maintaining the peace of the world. I have said on a previous occasion, and I repeat it now, that if the world could be assured of peace during our generation unemployment as a national problem would sink into insignificance inside of twelve months. Some of my friends of the opposition have twitted me with trying to explain away or in some way to remove from this government any responsibility it has in the matter of dealing with unemployment. If they tell me that trade has nothing to do with unemployment I will again place on *Hansard* the figures with regard to this matter. The figures are for December of each year:

Fiscal year	Canada's trade (000 omitted)	Wage earners unemployed
1928-1929..	$2,600,000	47,000
1929-1930..	2,400,000	90,000
1930-1931..	1,700,000	313,000
1931-1932..	1,200,000	472,000
1932-1933..	900,000	658,000
1933-1934..	1,100,000	580,000
1934-1935..	1,300,000	465,000
1935-1936..	1,400,000	388,000
1936-1937..	1,700,000	356,000
1937-1938..	1,900,000	242,000
1938-1939..	(Down)	378,000

My hon. friend said the other day that trade decreased during 1938. I agree although I have not the figures. If trade has decreased, one has only to examine the unemployment figures for that year to note that unemployment increased. Further, one might examine the figures for the past ten years in Canada to realize that as trade went down unemployment went up and as trade went up unemployment went down. In other words the figures of trade, whether this government was in power or not, will convince anyone who examines them that in Canada trade has a direct relationship to unemployment.

What about the figures for the world? In order not to weary the house I will not read a long list of them, but they bear out the same idea:

Year	World trade index	Unemployed 24 countries
1929..	100	4,225,000
1932..	74·5	11,692,000
1937..	97	5,769,000

In almost exact proportions to reductions or increases in trade, Canadian or world-wide, you have increases or reductions in the numbers of unemployed.

There is only one other matter I want to deal with, and it has to do with comments of a more or less personal nature. I would not have referred to the matter at all had the leader of the opposition (Mr. Manion) not made this particular statement. At page 48 of *Hansard* he is reported as having said:

> Do I draw the conclusion that he was trying to flimflam Mr. Hepburn? He is supposed to be a friend of Mr. Hepburn. The talk is that he was one of the men mixed up with Mitchell in an attempt to overthrow this government. That was the kind of talk.

And then I am asked whether I am a friend of Mr. Hepburn's. Well, I hope I am; that is a question only he can answer, but that does not mean that I must follow all my friends in all the courses they may map out for themselves. I should hope too that I am a friend of the leader of the opposition. I have known him, not intimately, but slightly, for some years and I hope I am a friend of his. But I trust the good Lord will preserve me from travelling the devious political routes which he has found it necessary to follow to reach his present position. I do not think it necessary that in order to be a friend of any person I should follow that person all the way in every direction in which he may desire to go in connection with political or any other matters. I do hope, however, that I can still sit down and discuss, both from another man's point of view and from the standpoint of the future welfare of the country, at any time, any question that may arise. I would even do so with my hon. friend in the hope of being able to convince him that he should come back to his first love. He says:

> The talk is that he was one of the men mixed up with Mitchell in an attempt to overthrow this government.

I simply wish to make this statement finally. I have been in the public life of Canada since 1911. I have been a member of a house either provincially or federally for the last twenty-five years and I consider that in that time the highlights of the political life of Canada were 1911, 1917, 1929, so far as I am concerned, and 1934 as a completion of the experience. As early as 1911 those of us who sit on this side of the house had to make up our minds whether or not we were in favour of trade arrangements with great countries like the United States, and we made up our minds in spite of the fact that the majority of the people of the country did not agree with us at that time. We are pleased, however, to find them in agreement with us now.

Again, in 1917 as a member of the Liberal party I had to make up my mind whether I was going to follow the grand old leader of the party or do what looked like the best and easiest thing for the time being. I decided, Mr. Speaker, that whatever the future might have in store, I was compelled on that occasion to stand for the principles that he had taught me to believe in, and I stood by the leader of the party of that particular day.

Then in 1929, as the leader of a party in a province, I had to make up my mind whether I would throw down a mere minority on a matter of principle, or whether I would submit to defeat, and I adhered to principle and took defeat, with the result that the people of Saskatchewan said in 1934, what they were not successful in saying in 1929, that they were prepared to wipe out the entire support of the principles that were put up in opposition to us in the election of 1929.

In other words I have found from my experience that it is a good thing to stand by principle. Personalities do not mean so very much in politics. Individual men do not mean so much in themselves. We happen to be fortunate on this side of the house in having our present leader. Someone said the other day that he was so much engaged in external matters that he had not time to deal with internal affairs. Well, I have learned to follow the leader of the Liberal party in Canada to-day because I know that when we are confronted, as we were in September, with one of the greatest crises that can face this world, we have the one man in Canada who is most capable of handling the situation to the satisfaction of the people.

Let me say this to my hon. friend. If ever I find it necessary to try to defeat a government in Canada I will try to defeat it from the outside. While I sit on the treasury benches of the dominion or of any province, any one who is writing editorials or taking any other action in connection with politics will be wise to check up the records. If he does he will come to the conclusion that I shall stay with the principles of the party no matter if the ship sinks. And I will say further that if ever I wish to oppose the government of Canada of which I have been a member I will do what my hon. friend from Kootenay East (Mr. Stevens) did—I will leave the government, I will resign, I will relinquish the emoluments of office and go to the country and fight for the principles in which I believe. But if some friend should leave, I will not remain in the government until the people of the country defeat the government to which I belong, leaving the impression I am in agreement, and then say that my hon. friend was right by taking him back and having him sit on my right hand in this house.

The position which we hold as a party in the Dominion of Canada, if we really acknowledge the trust that has been placed in us, is one that calls upon us to support principle, to support leadership, so long as it stands for principle, and to go down to defeat for principle if necessity requires it.

Hon. W. EARL ROWE (Dufferin-Simcoe): The Minister of Agriculture (Mr. Gardiner), who has just preceded me, will pardon me if I do not follow him in all the variations of his argument. However, I am delighted to find at last that he and I have something in common, because I observe from the last

part of his speech, when he told the house the story of his life, that he met defeat in his life as I did in my native province.

I wish to congratulate the hon. member for Brandon (Mr. Matthews) and the hon. member for Stormont (Mr. Chevrier) on the excellent speeches they made in moving and seconding respectively the speech from the throne. I am also glad to say that I express the truest sentiments of the people of Dufferin-Simcoe when I say that it was with genuine pleasure and sincere delight that I heard in the speech from the throne of the proposed visit to Canada of Their Majesties the King and Queen. I know that every citizen in my riding is filled with renewed British pride and security and hope as he anticipates the unique occasion of this proposed royal visit. When one listens, in this section of the empire, to those who underrate our British institutions, to those who prefer the red flag to the union jack, to those who would choose the "isms" of another people, and to those who would make our national security dependent upon foreign relationships, one may very well say that the proposed visit is not only timely and appropriate but almost a necessity. I hope that visit may bring pleasure to their majesties and inspiration to Canada. I hope our people, as they pray God Save the King, may in turn resolve to save this Canada as part of the great British empire. I feel sure that this visit will renew, in no small degree, our pride in our own country and, in a greater degree, bring renewed confidence in our own empire.

I regret, Mr. Speaker, that we are about to lose from this house one of Canada's most colourful statesmen, Right Hon. R. B. Bennett. It has been my pleasure and privilege to follow him during all his years of service as our leader on this side of the house, and I know his departure will be a loss to parliament and to the country. However, I am delighted to congratulate the hon. member for London (Mr. Manion) who has assumed the great task of Leader of His Majesty's Loyal Opposition. He brings to his task an excellent character, a unique personality and splendid ability. He represents true Canadian life. In every activity in which he has engaged he has been a star performer. He excelled in the field of sports; he excelled in the field of learning; he was decorated on the field of battle and he has been made a king's privy councillor in the field of parliamentary activity. I am satisfied that he brings to his task the qualifications to make not only a splendid leader of this party but an excellent prime minister of this dominion. The right hon. Prime Minister (Mr. Mackenzie King) smiles, but may I advise him that it will not be long now.

Mr. MACKENZIE KING: I was going to applaud the first part of my hon. friend's statement, but I checked myself at the latter part.

Mr. ROWE (Dufferin-Simcoe): I think I have mentioned the chief feature of the speech from the throne, that is, the announcement of the visit of their majesties; because even you, Mr. Speaker, will agree that the remainder of the speech from the throne is a somewhat tiresome document, written by his majesty's advisers who sit to your right. It is pretty well filled with the glittering generalities which have epitomized the political skill of the Prime Minister for a long time, and it brings very little relief to the people of this dominion. It mentions matters of defence, trade treaty policies and unemployment, but that mention only reminds the people of Canada of the insecurity, instability and uncertainty that surround those issues to-day. The remainder of the speech is made up of gestures, and excuses, before a new election, for promises which were made before an old election.

I cannot help but think, Mr. Speaker, that the reference to our defence policies does little to remove the insecurity that surrounds that issue in the minds of the Canadian people. I would like to commend the government, however, for their declared intention to remove the profits from the manufacture of munitions. Even though it is a year late I believe that is a most commendable step to take at the present time, and I am satisfied that the government will receive support from this side of the house in any effort that may be made to control such blood money in these difficult times. However, I do feel that the people of this country, in connection with defence, are not concerned so much with the details of a certain contract or even the general details of the defence department. I believe our people are more concerned with the details of a definite national defence policy for Canada. I have not heard any hon. member to your right, Mr. Speaker, tell us where this defence policy might lead if an unfortunate crisis should arise. They have not told us that they stand shoulder to shoulder with the British Empire; and just yesterday in another place we heard the government leaders state that they were not even sure that the old land would stand by us.

I think it only fair to ask whether our defence policy is as strong as some may

assume it to be. It is not nearly as strong, I submit, as it should be. I do not want to be misunderstood. I will support this government if they spend two dollars for every one dollar they are now spending in connection with defence. I believe that in the past all governments failed to assume their proper share of responsibility in connection with preparing for any crisis that might arise, a crisis that in these days sometimes seems almost inevitable. I sometimes think it would be better to spend more, knowing where we were going, rather than less if we did not know where we would be when the need did come. Is ours to be a more or less imaginary, independent defence policy? Is it to depend for its chief source of strength on some magic plan of economic appeasement to avoid attack; or in time of trouble is it going to be clearly in line with that of the friendly country to the south; or will it consist of closer cooperation with the mother country? I do not know the reason for all this mystery that surrounds this important department. One often wonders if a policy of this kind can be maintained as a political convenience for an era of peace without defining upon whom we are going to depend if an era of war should arrive.

I have already stated that the trade treaties of this government do very little to remove the instability and insecurity which exists to-day in regard to trade matters. I regret to say that I have not much confidence in the government opposite in regard to fiscal matters. I have seen them in action and I think I understand the tendencies of my right hon. friend the Prime Minister. I saw his party in power before 1929. I saw them in opposition in more difficult days, and now I have seen them in power for the last four years. I well recall the number of trade agreements that were brought into this house between 1925 and 1929. We were told that they would give the farmers higher prices for their products and allow them to buy where they could buy the cheapest. And I recall that in almost every instance those agreements opened the gates wider for the importation of cheap finished products, sweatshop articles produced in foreign countries, at the same time facilitating the export of raw and unfinished products from Canada. It has been my privilege to observe these things at close range, so I cannot help it if I am a little suspicious at the present time.

I was amazed to hear the Minister of Agriculture (Mr. Gardiner) suggest to-day that because we have fewer people we should buy more than the United States buy from us, with their much greater population; and having large resources we should allow them to sell us more than we should hope to sell them. I could not help thinking, "Oh for the days of 1911." Unfortunately I was not able to vote, but I thank the Lord that reciprocity was defeated without me. I cannot help recalling the arguments laid before us in those days. We were told how 120,000,000 people—probably it was about 115,000,000 then—would buy so much from 10,000,000 people, and that we could hope for a great development. I recall also the tendencies of trade and the fiscal policy of the administration in those years. I cannot help recalling that before 1929 the government of that day rode on the crest of prosperity throughout the world and derived the advantages of bountiful harvests at home. As the minister to-day made his argument which he hoped the maritime people would read, I could not help thinking that the maritime people would be surprised to find him comparing drought years with bountiful years.

During those years the government boasted of prosperity, and yet it failed to give employment to our own people. I recall that the government's fiscal policies between 1921 and 1929 left us, in the latter year, at a point where we were buying a million dollars worth of goods every day the sun rose, goods of a class or kind our own workmen could have manufactured, more than we were selling. To no small extent that is the reason why between the years 1921 and 1930, the time to which the government to which the minister has referred held office, more people left Canada to find employment in the United States than were born in this country.

What further evidence could we have of the weakness of a fiscal policy which could not survive even in days of bountiful harvest and world prosperity? Yet to-day we are asked to believe that this same policy of fiscal laissez-faire will bring about economic appeasement which will make all well. The Minister of Agriculture pleads of course for world peace. The Prime Minister prays for world peace and good weather, in order to bring back prosperity as in years past. We were told during those years that we must not provoke the United States. We are now told that we must take the lead and show the magic way by a new plan of economic appeasement. We are told we must make our tariffs lower than those of any other country, and all this during the most highly competitive industrial period of our age.

It is not my purpose on this occasion to review at length the Canada-United States

agreement. I do feel however that I must make some observation to indicate how it appears to me. We are told by the Prime Minister that the agreement will be brought down in the near future. I cannot help thinking that the Canadian people as yet have not studied it carefully. The doubt I entertain as to the treaty-making ability of the party sitting to your right, Mr. Speaker, is not relieved to-day. I view the proposed treaty with much more alarm than I should like to express.

I observe that last year we bought from the United States $130,000,000 worth more of goods than we had bought the year before of a class or kind which could be made by our workmen who are tramping the streets to-day. This condition to no small extent can be traced to the weakness of the trade agreement of 1935. For that reason I am asking how we can have much confidence when we view the agreement and find it is proposed to reduce the tariffs to a point lower than that which obtained in 1935. Not only is the tariff placed at a point lower than it was placed in 1935, but it is reduced on a greater volume of goods. The United States can reduce its tariff only to the extent of fifty per cent. We lower ours all the way along the line, and all for fear we may provoke them and for the purpose of developing this great policy of economic appeasement.

I observe the three per cent excise tax is removed from the produce of United States manufacturers, but the eight per cent sales tax is left on the Canadian manufacturers. One cannot help but view with alarm the advantages gained under the treaty by twenty five or twenty-six other countries under the most favoured nation provision. These advantages are given to the sweatshops and cheap products of other countries and there is very little hope for a quid pro quo.

As a farmer I can see very little advantage for the apple growers in the east or the fruit and vegetable growers in the central part of Canada. Not only do they lose advantages in the British market but under the proposed treaty they will meet new competition in their own. I can imagine the advantages which will be paraded before the producers of western Canada by the Minister of Agriculture. The producer will be told that he can ship more cattle than he could last year. But that producer will find that by a peculiarly smart provision he has a larger quota when he has less to sell and a lesser quota when he has more to sell.

To my mind the treaty bristles with dangers, bristles with possible destruction for the major industry of Canada, and offers very little to the other primary industries. As I see it, it is a sacrifice on the altar of a so-called economic appeasement. It sacrifices the great advantages gained in the empire agreements of 1932 and accentuates the weaknesses of the 1935 agreement with the United States. It surrenders jobs to United States workmen and forfeits the three per cent excise tax so sadly needed for our revenue. Yet we are told that we should support it, because it is a step towards the economic appeasement of the world.

These are only a few of the first impressions I have gathered from the proposed treaty. In the light of the government's record I would say that the most alarming feature is the basis of fear upon which the treaty seems to have been made. Do not let us confuse the issue. Sound and solid trade policies in Canada have never in the past and will not in the future interfere with or prejudice our friendly relations with the great republic to the south. Do not let anyone camouflage the issue by telling us that until we give the people of the United States everything they want they will be provoked. There seems to be a suggestion that we should throw down our barriers to permit the sale of mass production from the United States, in order that we may get our raw products into that market so that they may fabricate them. The suggestion is that unless we do that we will be guilty of some form of provocation or that we will not be working towards economic appeasement and that we will be endangering those cherished and friendly relations which we have long had and no doubt will continue to have, no matter what type of policy we may pursue.

We might just as well say that the spineless and haphazard fiscal policies of this government would soften the stubborn and heartless military policies of some European dictatorships. We might as well say that you must give everything, if you are going to have peace, even with a friendly country. The economic appeasement of the world is a high and lofty motive. I commend the Prime Minister upon having made that reference. But as long as we have ablebodied men in Canada pleading for jobs to restore their morale, men whose wives should be spending more earned money and thereby improving our prosperity, I say that our first duty as Canadian public men is towards the economic appeasement of the idle men in Canada.

This brings me to the subject of unemployment. The Minister of Agriculture has said that in those years when we had great prosperity only 100,000 or so were unemployed. I can remember the hon. member for Kootenay East (Mr. Stevens) stating, I believe in 1928, that 1,100,000 men had left this country between 1920 and 1930 to find employment.

The hon. member says there were only 100,000 left at home that were unemployed. Why should there be any unemployed after all the boasting of prosperity that we heard?

May I remind him that during the years 1931, 1932 and 1933, when the party to which I have the honour to belong was being condemned and criticized by the opposition because there were a few hundred thousand unemployed in Canada, according to a return by a department in Washington over 400,000 Canadians who had gone to that country to find jobs had returned to Canada and no more were being allowed to enter. Why would we not have unemployment?

Unemployment is a condition that gnaws at the very heart of this young dominion. I was disappointed the other day when I read a speech made in Montreal by the Minister of Agriculture. He said that fundamentally we had no unemployment problem at all. I could not help thinking of the days that are gone and the years that are past when I sat in this house and heard the present Prime Minister say in 1930 that there was no unemployment. Yet we have the Minister of Agriculture stating now that there were a hundred thousand unemployed. Just a few days after the Prime Minister made that statement he had to call out the militia and the horse guards to keep them away from the front of the parliament buildings. They did not see the problem then and they do not see it now.

This is and has been a national problem. The man who first saw it as a national problem was the former leader of this party, the hon. member for Calgary West (Mr. Bennett). He recognized it as a national problem and in 1930 called a special session to deal with it as such. However, I think he would be the first to admit that perhaps he did not go as far as he should have gone at that time. Since 1929, since unemployment was assumed as a national problem, we have spent one billion dollars. What for? To give direct and work relief. But we have not even touched the real problem itself. We are waiting for the fears of war to disappear, we are waiting for bountiful crops, we are waiting for the curtailment of wheat production in other countries; we are trusting to the peace of the world and the Lord of the weather. We are relying too much on the policy of laissez-faire and do nothing.

It is no longer a problem merely of dealing with the man or the woman who is unable to work. That problem was dealt with long ago. Even Queen Elizabeth with her poor laws gave relief in 1601 to the poor people who were unable to work. This problem is not one of direct relief, but it is the direct responsibility of the national government. It is a problem not confined to the boundaries of our own nation but one that goes into international circles. It is not a matter of dealing with poor people who are unable to work; it is a matter of providing employment for the employable men and women of Canada.

A commission was set up by this government to investigate the labour situation. Every time this government is faced with a problem it appoints a commission and prays that there will be an election before any action has to be taken. To my mind it is most important and essential that the major aspects of the relief problem should be dealt with by this government. No longer can the government rest upon its oars and say the municipalities should deal with this form of aid. The municipalities can deal with those who are unable to work, but responsibility must be assumed by this government for those who are able to work. We must differentiate between the two. We must have a new outlook on the unemployment situation. It is national in scope and it should be a national responsibility. The provincial governments may be left to deal with those who are unemployable, with those who are unable to work, but the larger issue of employment should be met by national measures. It should be under national control and be assumed as a national responsibility.

I hope that before another election comes around this government will be prepared to assume responsibility rather than continue to dodge the issue. We hear there is to be an unemployment insurance policy for Canada. I submit that the people of this country do not want an unemployment insurance policy, they want an employment assurance policy. That is what our people need. We want the assurance of work for our people rather than insurance against defeat and relief. We take out insurance against damage by hail, by storms, against death and so on. Perhaps that is why this government is suggesting an unemployment insurance plan. Apparently they admit the death of the issue, apparently they realize the hopelessness of it all unless the weather changes and the peace clouds rise.

I could elaborate upon this if I had more time. There are national advantages that lie behind an employment assurance plan and there are dangers that bristle in an unemployment insurance plan. One of the great dangers in relief is the loss of morale and initiative by those who accept relief for nothing. This problem should be fitted into the fiscal policy

of the government as well as any public works plan. There should be some recognition of the problem by the dominion and the provincial governments. I regret that at the present time it is being found quite difficult to have a friendly conference by the so-called happy family of Liberalism as it is constituted in disunity to-day. I am glad the Minister of Agriculture has said that all is well and that this danger is soon to disappear.

If the government recognizes this problem as I have indicated it sketchily there will have to be a readjustment in the revenues of the dominion and the provinces. Everyone who has any knowledge of industry and finance knows something of the inequitable burdens imposed by the many variations of duplicate taxation. No doubt the adoption of a national employment assurance policy would require some adjustment in the revenues of the provinces. I do not want the Prime Minister to think that I am critical of everything he does, because I have seen him do some things that would have been done even by the leader of the opposition. However, I do suggest to him that I believe the time has come when we should deal with this matter as a national problem. Consideration should be given to national revenues in order that this national emergency may be met. In this connection I would suggest that all income tax be placed under the federal authority. More than that, the stock transfer tax and the corporation tax might well be transferred to one central body. I do feel that if that were done and the federal government assumed full responsibility for a national employment assurance scheme, our people would be satisfied to meet the obligations it would involve.

Income taxes more than any other form of tax should be used for the protection of income. In other words, the mass income of the earning people of Canada may very properly be the bulwark protecting income for the employable masses of Canada. If my proposals were accepted, which would involve the income tax being more broadly based than it is at the present time, and those earning income in Canada had an opportunity to contribute to such a plan of national employment assurance, I believe that no one would be averse to making an income tax contribution to a sound national employment assurance plan applicable throughout this dominion.

I do not want to be understood as suggesting that this should be the only tax to be diverted to the federal treasury, although I suggest it is the most important one; I believe that the other taxes I have mentioned might well be considered in this connection. I do not wish to labour the point as to what advantages would accrue, but I know that there are few in business or industry to-day who would not say that it would be a great relief if they even paid the same amount of tax as they do to-day into one central fund rather than to half a dozen different sources. If some definite effort were made by the government along this line it would go a long way towards encouraging industry.

I consider that the capital and earnings of industry other than those paid in salaries, wages and dividends, should be free so far as possible from tax impositions in order that some of the shackles may be removed from industrial enterprise and national expansion.

The adoption of such a policy would not only be a step in the direction of doing away with the duplication of taxation that exists to-day, but would mean a corresponding saving in the cost of administration.

There might be some objections, it is true, from those who believe that we are centralizing too much authority in the federal government. But I do not believe it ever was the intention of the fathers of confederation that we should be nine sovereign states within a state. It was never their intention that the provinces should flout and exploit the very basic sovereignty of their autonomous rights. I do not believe that a limited centralization of authority along some of the lines that I have suggested would constitute any premature centralization that might aggravate the disharmonies inherent in a federation. The whole system seems to me to have grown almost out of hand. It was not expected that the provinces should surrender their sovereign rights, but I believe that the fathers of confederation intended much to be left to the good sense of the men they hoped would be in power, knowing that there must be some things that are definitely federal in character and others definitely provincial. I do not believe you can wipe out functions that are definitely provincial, but there are certain forms of taxation that should be centralized in the central body, for primary and productive efforts. There are certain functions that are definitely provincial, and others that are definitely national in character and which must always be considered a dominion responsibility.

I believe the government should give careful consideration not only to a plan of national employment assurance but to plans for reducing the cost of government in so far as our constitutional machinery will permit. There is only one way in which

it can be done and that is by the time-honoured British custom of conference, compromise and conciliation between the provinces and the dominion, and I want to compliment the Prime Minister in this connection. I believe that he has excellent ability and can achieve something through conference, compromise and conciliation between the provinces and the dominion. I hope that something along that line will be done in order to bring about a more friendly relationship between the provinces, to show the way to those who are to-day confused by the present duplication of taxation, to give hope to those who are tired of waiting for jobs and relief to those who are disappointed in the present lack of action.

I can conceive of no plan or ideal of national service that is more necessary at the present time or more worthy of a democratic people than something along these lines. I can conceive of no national policy which would more effectively protect, encourage and develop the ideals of democracy than one which will gainfully employ our people and thereby assist them to reestablish themselves—a policy that will give gainful employment to those who seek jobs, a type of employment that will enable the family spending their earned income to keep their self-respect. I think that is the only way in which we can hope to restore confidence in our institutions and in national leadership.

The people of this country are pleading to-day for a national policy. They are pleading for a national hope, for a release from a policy of laissez-faire and do-nothing, before doubt, discontent and disunity further threaten the progress which our people desire.

May I commend to the government and their supporters, and especially to the Minister of Agriculture, who I regret is not in his seat at the moment, the issue of the *Financial Post* of January 7 last, where they will find, neatly compiled, editorial comment from newspapers representing districts both of our near east and the far west. Among these are—

Mr. SPEAKER: The hon. gentleman has exhausted his time.

Mr. LAPOINTE (Quebec East): Finish the sentence.

Mr. SPEAKER: With the consent of the house.

Mr. ROWE (Dufferin-Simcoe): I do not wish to trespass beyond my time, Mr. Speaker, but if I have the consent of the house I shall take only a moment to finish. I hope that the government will read this editorial comment in the *Financial Post* coming from newspapers representing practically all sections of Canada and including the Toronto *Telegram*, Fort Erie *Times Review*, North Bay *Nugget*, Brantford *Expositor*, Winnipeg *Free Press*, Northern *Pas*, Saskatoon *Star*, Calgary *Albertan*, Swift Current *Sun* and Prince Rupert *News*. I shall quote only a short extract or two.

The Prince Rupert *News* "sees all faces turned to Ottawa for action." It recalls that Laurier did not have to be prodded into action but that the present Prime Minister seems to be lagging in leadership. It says:

> What the country sees to-day is that many people are idle, and having no Liberal leader, they are listening to subversive leaders who will destroy them as those who followed the pied piper were destroyed.

The Swift Current *Sun* speaks in similar vein. It refers especially to the vicious, demoralizing influence of Canada's present relief policy. It urges the need of leadership in respect of unemployment and relief to end the moral and social stagnation of the present situation. It says:

> There is at present a most vital challenge to the statesmen and leaders of Canadian national life, which to our mind is paramount to all other problems, that of finding some solution to the unemployment problem with which is tied up the moral and social stagnation which it engenders. Everyone is agreed that continual dishing out of relief cannot ever solve the dilemma; it merely hastens the evil day when the national structure would crumble because the fibre is eaten away.
>
> Happiness, contentment and national well-being come only by honest work and an adequate recompense giving a measure of security for the people. The course we are drifting along now is an unpractical one and a vicious one because it is destroying something which wont be built up so easily again.

I thank you, Mr. Speaker, for my overtime, and I trust that the government may give what the country is asking for, the action which they promised in 1935.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, the speech from the throne, I am sorry to say, does not indicate any effective solution of the many difficulties that confront the people of Canada to-day. There is no solution offered for the many problems which have vexed our people now for many years, and many of which have increased in severity since the Liberal party have occupied the seats of authority. The leader of the opposition (Mr. Manion) has stated that the present administration is a do-nothing government. With that I agree. But we must also remember that the government of which the hon. member himself was a member occupied the seats of authority in the years 1930 to

1935 and were defeated, in fact suffered the greatest defeat that party has ever experienced.

Reference has been made to the coming visit to Canada of Their Majesties King George VI and Queen Elizabeth. All classes of the Canadian people view with pleasure the coming visit. However, greater pleasure would be evidenced in many quarters if economic conditions which now obtain in Canada were not in such a chaotic state, if the widespread and needless suffering and misery which now abound in this country had been corrected by the present administration. In the speech from the throne we find the following words:

> The government shared in the general sense of relief that the appalling disaster of war, which threatened Europe during the month of September last, was averted, and in the recognition which that crisis manifested of the widespread will of the peoples for peace. They are hopeful that the efforts now being made to find a solution for the specific differences which are causing friction will meet with success. They recognize, nevertheless, that time is required for these forces to work, and that the possibility of further tension in the meantime must be faced. In this situation, the government have considered that the uncertainties of the future, and the conditions of modern warfare, make it imperative that Canada's defences be materially strengthened.
>
> Two years ago, the appropriations for defence were substantially increased, and a beginning made on a program of modernization to safeguard the country from the dangers of attack. The government intend to pursue this policy vigorously, and to propose to parliament that the program of defence should be further augmented, and that particular emphasis should be laid upon air defence.

Thus we find that the government recognizes the danger in the European situation and intends to take steps to preserve Canada's national integrity against attack. In so far as the danger of attack is concerned I am not greatly alarmed, for I cannot think of any nation in Africa, in Asia or in Europe which could consider at the present time or in years to come any successful invasion of this country; and I say this after considering the statement recently made by the President of the United States to the effect that that republic was prepared to come to the assistance of Canada in case of attack. However, in view of existing conditions I am not opposed to the government strengthening Canada's defences providing the money expended will be issued debt free. The last war created much hardship; many problems arose, and I believe that the method we used in financing that war was responsible for a great many of these problems. We must take the profits out of war. It has been estimated that it cost $25,000 for every soldier killed in the last war. Someone was making a profit out of every body that lies on the fields of battle. It was blood-money. We are opposed to the method pursued during the last war of piling up debts which future generations are left to face.

The mad race for armaments has been going on in the world for many years. Billions of dollars have been spent. Tremendous wealth and energy have been expended. Germany, a country smaller in area than the province of Ontario, and with a population of over seventy millions of people, has spent billions of dollars. France, small in area, with a population of over forty million people, has spent billions of dollars on armaments besides providing for the needs of her people. Italy, also small in area, with a population of approximately fifty millions, has spent billions of dollars upon instruments of destruction. The same is true of England. Thus we find that in the four countries I have mentioned, where more than two hundred millions of people live, billions of dollars have been appropriated for the production of implements of war. How is it that Canada, having a large geographical area, with a population of approximately twelve million people, with more natural resources per capita than are possessed by any other people on earth, cannot maintain its institutions? How is it that our educational and health facilities are being undermined? How is it that municipal, provincial and federal governments are unable to finance the social and economic legislation which they feel is necessary? How is it that we are told that the deficits of the Canadian National Railways will bankrupt Canada? All this in spite of the fact that Canada is fifth among the great trading nations of the world? Something is radically wrong with our economic set-up. There is no good reason for the widespread suffering and want which exist in Canada, where we have only twelve million people, willing and anxious to provide from its tremendous natural resources all the commodities they may desire.

I wish to refer now to some questions by Mr. Hellmuth and some answers by the Minister of National Defence (Mr. Mackenzie) as contained on page 10 of the report of the royal commission on the Bren machine gun contract. The question was asked by Mr. Hellmuth:

> So that there has been no change in the actual policy of the government, or of the Minister of National Defence, that government ownership is the best and that the next is competition?

The answer was:

> Quite correct, provided you will give us the finances, the money.

Q. Yes; if you do not have money you cannot do anything?

A. Money is everything; when you are running the Department of National Defence you can't run it without money.

Q. I put it before you here, that the best plan is government ownership?

A. I thoroughly agree with you.

The minister said that there were two very definite schools of thought in the department and that he assumed all responsibility. One school, he said, was headed by the then chief of general staff and the other by the deputy minister, for both of whom he said he had equally great admiration.

The minister said that General Ashton (the then chief of the general staff) was very insistent upon the development of government arsenals and that the former chief of general staff, General McNaughton, evolved a very comprehensive scheme for Valcartier which would include practically all the requirements of the Canadian forces.

That was considered after I went into the department and I found that the cost of it would be something between $30,000,000 and $35,000,000. With my meagre $25,000,000 or $30,000,000, what could I do with a scheme like that?

I heartily agree with the Minister of Defence that money is everything. You cannot do very much without money. But I would remind the government and particularly the Minister of Defence that in 1935 the Liberal party went to the people of Canada with the outstanding promise of monetary reform. They stated that control of money and credit should be restored to parliament and considered as its most sacred obligation. They further stated that money and credit would be issued to meet the industrial, the public and domestic need. That promise has not been fulfilled, in spite of the declaration by the Prime Minister that all the promises of the Liberal party have been carried out. We find now that the Minister of National Defence is unable to carry out the policies in which he and his advisers believe. Why? Because they are short of money. I have no hesitation in saying that many of the other ministers who sit on the treasury benches are faced with exactly the same problem. They find it impossible, on account of lack of money, to pursue many of the policies they and their advisers support.

Increased purchasing power is Canada's most urgent need at the present time. Municipal and provincial governments as well as the federal government are in need of more money. The consumers of the country are in need of more money to purchase commodities and services that can be produced and rendered in Canada. When we advocate increased purchasing power for the Canadian people, the Minister of Finance (Mr. Dunning) at once sets up straw men and begins to knock them down. Others say that we are out to turn the printing presses loose and flood the country with Bank of Canada bills. We have never advocated such a policy. All we say to the government is that they should have our monetary system reflect our collective ability to produce and render goods and services in Canada; that when there is idle labour and unused material, money should be issued so that that unused material and idle labour can be brought into production. We say, go thus far. Issue purchasing power so that the amount of money available in the hands of the people will be sufficient to equate the value of the goods and services that can be produced and rendered in Canada. In other words, make financially possible that which is already physically possible.

Before the election in 1935 the Prime Minister (Mr. Mackenzie King) said that in the next parliament a great battle would be fought with the money powers. Instead of battling with the money powers they battled with the provinces. They have battled with the provinces on many occasions. They have battled with the money powers against the provinces. They have even battled with one another. It is no wonder the premier of Ontario declares that he is no longer a Mackenzie King Liberal; no wonder the farmers of Saskatchewan advocate secession; no wonder the Liberal government of that province forwards a resolution to the federal government requesting them to carry out the promise with regard to monetary reform.

The policies pursued by this government are gradually undermining confederation and democracy in Canada. Ways and means can and must be found of correcting our economic ills without the surrender of any of our democratic rights, without centralizing authority in this government, without establishing a dictatorship, without making the provinces either politically or financially subservient. The democratic rights of our people can best be preserved by maintaining provincial autonomy.

The election slogan of the Liberal party in the 1935 campaign was "King or chaos." Unfortunately we got both. Where is the cooperation that was to exist between the federal government and the provinces? Among many things, the trade tariff and monetary policies pursued by this government have worked inimically to the best interests of many sections of Canada. The disabilities from which those sections are suffering must be corrected. I see no indication in the speech from the throne that the government intends to discuss these matters with the provinces apart from the possible discussion of unemployment. One would be led to believe, after listening to speeches made by members of the Liberal party, that all the loyalty in

Canada was wrapped up in the bosom of that party. Let me say, however, that Alberta and we who represent that province are as loyal to confederation as are any of those who now occupy treasury benches, and I am sure the same could be said of the other provinces and their representatives, no matter to which party they may belong. However, any slogan of "King and unity" to replace the "King or chaos" slogan of 1935 will not be accepted by the Canadian people unless definite action is taken to remove the many injustices from which they are suffering.

Reference has been made to the new trade agreement recently signed by Canada and the United States. We are in favour of world trade, but not of trade war. We believe that more attention should be paid to the development of Canada's home markets. Much could be done in the development of our coal, oil and sugar industries. In fact, I have read recently many editorials in the Halifax *Herald* depicting the terrible condition that exists in connection with the miners and fishermen of Nova Scotia. I visited the coal mining areas of Alberta and asked in one particular section what the problem was there. They said that it was simply a problem of unemployment and partial employment. They said that if an order could be secured for two million tons of coal their troubles would be over. We import from fifteen to seventeen million tons of coal every year. Why talk about blasting our way into foreign markets when we cannot secure our own?

Let me read from a pamphlet put out by L. R. Lipsett, K.C., LL.D., O.B.E. Under the title, "National Coal Policy for Canada," the author writes:

> Had the provinces of Ontario and Quebec during the past thirty years, taken a broad view of what was necessary for the prosperity of Canada as a whole, and had those provinces adapted themselves to using Canadian coal, much might have been done to redress the adverse trade balance, but eastern Canada blindly continued to import millions of tons of American coal, for the sake of immediate savings in expense, regardless of the fact that this was bound to make other provinces, sooner or later, unable to pay for the goods they manufactured.
>
> Results, apparent to everyone to-day, might well have been foreseen for a number of years past, had a longer view been taken by the eastern manufacturing and financial interests, by the Canadian railways, and by the various governments from time to time in power.
>
> The drain on nation finances.
>
> The second outstanding fact which emerged from a study of the problem from the national standpoint, is the enormous annual drain on Canadian resources necessary to pay for importations of American coal. In the coal statistics for Canada (Coal Statistics for Canada, 1936. Page 18.), published by the dominion bureau of statistics, it is stated that about $450,000,000 were sent out of Canada during the last ten years for imported coal, practically all of which was sent to the United States of America. This was the figure paid to the American mine owners for coal, and when the railway freights from the American mines to the Canadian border are added, the money sent out of the country during these ten years, would far exceed $500,000,000, or a sum of over $50,000,000 each year.
>
> Consider for one moment what this sum, it it had been kept at home, would have meant to Canada, and the effect it would have had on the balance of trade as between Canada and the outside world. Consider also the effect, during these past ten years, of the creation within Canada of this $50,000,000 of new wealth each year, and its contribution to the well-being of the country, and to the problem of unemployment, which has been so acute during most of the period.
>
> If one assumes that $5 per day would represent an average day's wage, then this $50,000,000 annually sent out of Canada would represent approximately 10,000,000 days work each year, or enough to give employment to well over 40,000 unemployed men for about eight months each year.
>
> Direct prosperity would certainly accrue to the Eastern manufacturers and workers who would receive substantial orders, not now forthcoming, as a result of the enormously increased buying power of the workers and operators in the coal producing areas of Canada, and of the railways and railway workers, who would benefit by its transportation.

I ask the government to consider passing much needed social legislation. If they would reduce the age for qualification for the old age pension to sixty, this would provide an opportunity for employment for thousands of young men now tramping the highways and byways of this country in search of work. If they would provide pensions to widows of ex-service men who saw service in actual theatres of war, they would also be helping a very worthy class. From the letters I have received from many of these widows, I know how difficult it is for them to establish the fact that the death of their husbands could be attributed to war causes. I should like to read a letter from the Canadian Soldier Non-Pensioned Widows' Association:

> We the Canadian soldier non-pensioned widows request you to give your consideration to the following:
>
> First the sacred promise made by Canada's War Prime Minister—The Right Honourable R. L. Borden—"That, Canadians we are proud of you, you can rest assured that you and your kin will never suffer, Canada owes that to you for the great honour you have brought to our great dominion."
>
> Since the great war ended many of our Canadian heroes returned, but through their great sacrifices have gone to an early grave, leaving their dependents in unfortunate circumstances over which they had no control, have been forced to exist upon unemployed relief. As the widows of pensioners are receiving a full pension we request that as our loss is equal to theirs that we also be fully pensioned.

We gave our consent for our husbands to give their all for our glorious empire, that it would be maintained for the honour, glory and benefit of civilized christianity—we therefore ask that the War Prime Minister's promises be upheld.

I also have received a request from the city of Calgary that this government pass legislation to provide financial assistance to expectant mothers during the period of their confinement. The letter states:

The special health committee of the council of the city of Calgary, in meeting recently, gave consideration to a report from the city's medical officer of health, Dr. Hill, wherein it was stated that infant mortality in the city of Calgary, as elsewhere in the Dominion of Canada, was overly heavy due to the fact that expectant mothers were not being given any financial assistance either by the dominion, provincial or municipal governments. Dr. Hill believed, and so stated in his report, that the situation in this regard could be considerably improved upon if an expectant mother was assured some financial assistance during the period of her confinement.

I should like the government also to consider the advisability of reducing the age at which the blind may qualify for pension from forty to twenty-one years. That has been done in New Zealand.

Just here I should like to refer to a statement made by the hon. member for Rosetown-Biggar (Mr. Coldwell), as follows:

This statement is proven by what has occurred in New Zealand, where a government with philosophy and ideals similar to those which we advocate has been able since 1935 to assist the people of that country to solve problems which, according to the speech from the throne now before us, seem insoluble.

I thoroughly enjoyed the address of the hon. member for Rosetown-Biggar, but I cannot agree when he attempts to say that the ideals and principles of the Cooperative Commonwealth Federation are being implemented in New Zealand, or that the government of that country is attempting to translate the ideals of his party into reality there. I have read many speeches delivered by the Prime Minister of New Zealand and his colleagues, and in them I find no reference whatever to the Cooperative Commonwealth Federation or to socialism. I should like to read the statement made by the Prime Minister of New Zealand, Hon. M. J. Savage, when he was questioned as to his connection with the social credit organization:

The Prime Minister (Hon. M. J. Savage) said the leader of the opposition had accused the government of having made arrangements with the Douglas credit organizations. Now, what were the Douglas credit organizations trying to do? They were trying to get for the people the things that the people were capable of producing. Well, who had a better right to them than the people themselves? There was any amount of room for difference of

[Mr. Landeryou.]

opinion about this; that, unless the buying power of the people was enough to equate the value of their production they would never get out of the mudhole which the last government created for the country. Unless the buying power of the people increased with the increasing production, what was the use of increasing production?

They had the right to govern in the financial sphere; and everything they did in that sphere was based on the public credit. Had not the time come for basing their money system on the goods they produced and the services they rendered to each other?

Then, from the report of another speech made before eight thousand people at the King Edward barracks, Auckland, I quote:

The Prime Minister said that unless the government of a country controlled the credit of the country it could not control anything else.

"I don't suggest that this means socialization. . . . I am not prepared to predict what will happen to the money system in this or any other country at any long period ahead, but I do believe that there can be no freedom unless the mass of the people have freedom to buy, and that is economic freedom. Without economic freedom no nation can ever be free." The clear objective of the labour party was to make money the servant of man instead of the master.

So I believe the government of New Zealand is attempting to implement the principles and ideals for which the social credit party of this country stands. I should like to refer also to a statement by the right hon. Prime Minister (Mr. Mackenzie King), appearing at page 60 of *Hansard* for January 16, 1939:

Men will not put out their money to invest in the different industries. They are withdrawing their capital from industry. Ask the Minister of Finance (Mr. Dunning), who is sitting here to-night, how much of the investment of capital to-day is going into government securities at a low rate of interest in comparison with what took place in former years.

Then he went further:

Labour and capital are both essential to production, and whatever paralyzes one paralyzes the other in the matter of effective production.

There are many factors that enter into this industrial paralysis. I do not believe it is as simple as saying that when capital is paralyzed, labour is idle and industry slumps. I believe that if the consumers of this country had more money, that money would be spent on goods and the wheels of industry would turn once more. The reason for industrial paralysis is not any fear of something external; it is the definite knowledge in the minds of those who control capital that if they were to invest their money in creating more products of industry, the people would be unable to pay for them; for to-day, as for many years past, we find the great production of Canadian industry

being disposed of on the instalment plan, fifty cents or a dollar down and a dollar when you catch me. If we have to mortgage the future in order to purchase these goods to-day; if we have to allow these loan shark companies to loan millions and millions of dollars to the consumers in order to complete the purchase of goods bought on the instalment plan, it should be apparent to all that the only thing this country needs is more purchasing power. Municipal, provincial and federal governments require it just as much as the consumers require it. I plead with the government to take definite steps to deal with Canada's social and economic problems, so that a greater measure of peace, happiness and prosperity may be made available to all.

Mr. H. R. FLEMING (Humboldt): Mr. Speaker, at the outset of my remarks this afternoon I should like to offer my congratulations to the mover (Mr. Matthews) and seconder (Mr. Chevrier) of the address in reply to the speech from the throne.

During the parliamentary recess the right hon. leader of the government (Mr. Mackenzie King) again demonstrated to the Canadian people that he is one of our greatest statesmen. His handling of the international crisis through which we passed deserves the approbation and gratitude of the entire nation. His conception of the Canadian angle of the problem was dominated by past pronouncements made in this house and to the Canadian electorate; and while jingoistic newspaper writers from coast to coast thundered against him, he remained steadfast to those pronouncements and never once made a false move or issued an unconsidered statement.

We also have reason, Mr. Speaker, to be proud of the calibre of the men in the public life of this country. May I congratulate the leader of the opposition (Mr. Manion) upon his election to that high office and also upon gaining a seat in the House of Commons. He took the stand of a statesman and followed the best of British traditions when, in our hour of greatest peril, he offered no criticism of the government, but said that he was ready to stand by and aid in any emergency. That was the stand of a statesman and a soldier, and one which has enhanced his reputation in the hearts and minds of many Canadians. Such chivalry is characteristic of only one race, the Irish, to which he belongs.

Another event of extraordinary interest has occurred in the interval since parliament prorogued. Their Gracious Majesties the King and Queen have agreed to visit these shores, the first reigning monarchs ever to visit a dominion. We are deeply honoured and jubilant. Their visit will do much, if such were needed, to reaffirm our belief in the soundness of our political alliances. Their visit to the United States we may be confident will also do much toward cementing the friendly feeling which exists between the empire and the great democracy to the south of us, whose long and mutual accord and respect we deeply value, and of which we are so justly proud. No words of greater import were ever uttered in human history than when last summer at the opening of an international bridge, in the presence of the king's representatives and in the presence of the Prime Minister of Canada and responsible ministers of the crown, the President of the United States said that if Canada were ever attacked the United States would not stand idly by.

The visit of their majesties will give us an opportunity of showing them our loyalty and devotion to their persons. It has been my fond hope that my constituency might have had an opportunity of giving such a demonstration. While I realize that their majesties' time is limited, I thought it would have been a nice gesture on their part if they could have visited the largest German and Icelandic settlements in Canada. Many of my constituents come from the Munich area in Germany, where Mr. Hitler and Mr. Chamberlain signed the famous peace pact to keep peace in our time. The constituency of Humboldt would have given the king and queen a reception which might in other places have been surpassed in grandeur and volume but nowhere else in sincerity.

In the interval between the prorogation of the last session and the opening of the present one we have become parties to the signing of one of the greatest trade pacts ever negotiated in history. From a long term point of view I cannot help but believe that it will have tremendous beneficial effects, both economically and politically. But Mr. Speaker, as I review the accomplishments of the present government and of our own political term in office, and as I have listened attentively to the proposals in the speech from the throne, I begin to wonder how long it will be before the government will be willing to face fairly the fundamental issues, instead of permitting itself to be occupied merely with details of administration.

In my view we have been following the proper path externally. Faced with high tariff barriers throughout the world we have negotiated trade treaties with nations who have wished to trade with us. We did not simply sit back and trade among ourselves, an attitude which would have been disastrous

to our position as the fifth trading nation of the world. In our political relations with other nations at least we have made no serious errors.

Of course there is the question whether or not we are putting our full weight behind our empire defence scheme. But generally speaking, under all circumstances, I think we have done perhaps considerably better than could be expected. On the other hand, internally, we seem to be floundering around, not that we have made so many mistakes. Someone will say, "Well, if you are speaking of social reform, the answer is that we cannot do anything until the federal government has more power." Any practical man will say, "Do it anyway"—and I am glad to find in the speech from the throne that this is the attitude of the present administration when it says:

> My ministers recognize that the plight of those who are still unemployed cannot await necessary constitutional amendments, nor the summoning of any conference. They are prepared therefore, notwithstanding constitutional impediments to effective action, to join with the provinces in a further determined effort to meet the immediate situation.

Once again I think the Prime Minister is on the right track, but progress along that track seems painfully slow. There is no sense in passing laws, if they are to remain inoperative. There is no use in passing laws if they are to be thrown out by the courts. As I hear hon. members opposite and people throughout the country criticizing royal commissions, I often wonder why members of the House of Commons and members of the Senate could not occupy positions on those commissions just as well as impractical university professors and editorial writers on the newspapers. In every session, after the opening days, the Senate adjourns. As a matter of fact it has just adjourned for about a month. In that chamber there are men occupying high positions in the state, men who are privy councillors of the empire, men who stand high in the business, financial and economic world. Why could we not place them on commissions, instead of appointing royal commissioners? In that regard I agree with some hon. members opposite when they say that every time we face a knotty problem we appoint a royal commission—and then the government does what it wanted to do anyway. The only thing I can ever say for a royal commission is that the government has a splendid goat at its disposal, and if the recommendations of the commission do not work out satisfactorily it can be blamed.

I am not complaining that we are not doing good. My complaint is that we are not doing enough good, or at least not getting round to it fast enough. That is the attitude of the people in my constituency. The British North America Act should and could have been amended long ago, but I hold the suspicion that in the minds of some members of the government and many members of the house there lurks this thought: If you amend the British North America Act, there goes the best alibi you ever had in your life. I say this: If we do not amend it, we shall drift into a mess for which we shall never be able to find an alibi.

In what manner did the speech from the throne convey to us the fact that we are facing a critical, if not a crucial, period in the history of Canada and the world at large? We came through one world crisis, and we have no assurance that we shall not have to face another one in the near future. The speech from the throne contains many first-class suggestions, but why do we dislike to face realities? Why do we struggle so hard to preserve the impression that we are still dealing with the "common round"; that the world around us is not changing, that the affairs of men move smoothly, and that we can be smugly complacent about the situation? National and world economy has become a hopeless tangle. Production for need has become all mixed up with exploitation for profit. In Canada we see poverty and desperation. When we have nearly a million people on relief and the granaries are filled with wheat, do we take the wheat and put men to work making bread for those who have none? No; we plunge the country farther into debt by borrowing money to get the bread. Goods are sacrificed for profit not only in this country but in others. Brazil dumps coffee into the ocean; California throws oranges on the dump heap; British Columbia allows her apples to rot in the orchards; the United States deliberately slaughters her hogs. While all this is happening, in my constituency there are children who have grown from babies and have never seen an apple or even an orange. There are hundreds and hundreds of families who for years have used roasted barley as a substitute for coffee—and yet we stick to this world-wide valorization.

What do we contribute to the problem? Before the house there are bills and still more bills, talk and still more talk, none of which touches the vital problems with which we are concerned. In my opinion no harm and perhaps a considerable amount of good would be done if, during an entire session, we threw every petty problem into the future and tried

to work out a remedy for the defects of our political, social and economic organization. If that course did nothing else, at least it would permit us to see clearly the difficulties which confront us.

It is all too easy to think, in terms of ourselves and our supporters, of the problems of the moment. In other words, we think of those matters which, to the dominion as a whole, are only small. If we could solve the big problems, most of the small ones would never arise. If we do not solve the big problems, our power to solve them may be taken away from us. Those are neither idle words nor a threat, but a statement of grim reality.

Undoubtedly the biggest problem of all is the present plight of our people. "The people keep the government, but the government does not keep the people." By this I do not mean that we should keep the people on relief. The people ask for an opportunity to earn a living, and we give them charity. They do not want it; we do not want it, and the country cannot stand it forever.

Mr. L. T. Hobhouse, in his book on Liberalism, British Liberalism—and I consider that the excerpt I am going to give is equally applicable to-day to Canadian Liberalism—says:

> The right to work and the right to a living wage are just as valid as the rights of person or property. They are integral conditions of a good social order. A society in which a single honest man of normal capacity is definitely unable to find the means of maintaining himself by useful work is to that extent suffering from malorganization. There is somewhere a defect in the social system, a hitch in the economic machine. Now, the individual workman cannot put the machine straight. He is the last person to have any say in the control of the market. It is not his fault that there is overproduction in his industry, or if new and cheaper processes have been introduced which makes his particular skill—a drug on the market. He does not direct or regulate industry. He is not responsible for its ups and downs. But he has to pay for them. That is why it is not charity but justice for which he is asking.

That, Mr. Speaker, to me is Liberalism.

The individual cannot right conditions by himself, and so he looks to the government to do it. What is the government's answer? Direct relief cannot remain indefinitely the answer. We should do away with relief as soon as possible. I do not believe that we should let the people starve. But there seems to be a conception that because we are keeping the unemployed, we are relieved of all obligation to help them to secure employment.

But what have we done about our basic obligation as a state, which is to secure conditions under which mind and character may best develop by themselves? It is to me ridiculous, it is stupid, it is asinine that crops should be ploughed under, that fish should be thrown back into the sea, that hogs should be slaughtered, when so many people are starving or living barely above the subsistence level. Do we need people to work, to produce and feed them? They are more than available. We are supporting them in idleness. Do we need land and resources with which to produce? Millions of fertile acres are lying idle for the plough of the husbandman, waiting for their riches to be turned into gold. Idle men and idle acres do not add up to prosperity. And, Mr. Speaker, agriculture, our basic industry, lies crushed and bleeding from a thousand wounds. The leader of the Liberal party, now Prime Minister of this country, on that eventful night of October 14, 1935, issued the following statement to the Canadian people:

> We take up at once, as our supreme task, the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by Providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that "health and peace and sweet content" which is the rightful heritage of all.

A back-to-the-land movement will not solve that problem because hundreds and hundreds of our experienced farmers on the plains of Saskatchewan and of western Canada are starving. The problem goes deeper, much deeper, than that.

One step that will have to be taken is to provide more money for productive purposes, for individual enterprise, and coincident with that there must be a better price to the primary producer for his products. If fewer people are to get more and more of the money, through a system which permits excessive profits to the few, then we can continue to expect more and more people with less and less money; and when less becomes nothing, the state has to support them.

For a long time I have been a believer in sound money, as some people call it. For a long time I have worshipped at the shrine of the Minister of Finance (Mr. Dunning), when he was Premier of Saskatchewan and while he has been Minister of Finance here. But, Mr. Speaker, the more I have read and the more I have studied the solutions that have been offered by the hon. member for Vancouver-Burrard (Mr. McGeer) the hon. member for Rosthern (Mr. Tucker), and other monetary reformers, the more convinced and persuaded I have become that we must get more money into circulation, even though we have to use methods of inflation. I do not think we need to be afraid of inflation,

but we have been afraid of it ever since it was tried in the old post-war days in Germany. But in Germany they have inflation to-day, and Germany is apparently one of the most prosperous countries in the world. What I cannot understand is this: If there were a war to-morrow we would get all the money we wanted. It seems to me that you can get all you want for destruction, but as little as can be spared for construction.

As to the feverish armament race that is now going on in the world, on the one hand I can see the necessity for the empire rearming, but on the other I cannot help being suspicious about it. Of course, if we are not armed, we are certainly a temptation to ruthless aggressors, and surely our September scare must have indicated how rapidly we could all be drawn into the whirlpool before we knew anything about what was happening. In a madly rearming world, can we afford to remain blissfully insecure, while greedy nations eye our undeveloped wealth as one of the richest prizes on earth? Yet, no matter what we do in the way of armaments, I think we should let the world know we are certainly on the side of democracy, justice and peace.

But we cannot shirk much longer our responsibilities as part of the empire. The motherland is not going to force us into doing our part, but she has made known her desire that she would like the dominion to be able to look after its own defence. On the other hand, the world situation is far from hopeless. There have always been divergent opinions in the world. If those who are in the right have the intelligence, the courage and the morale of their convictions, they will win through. It is not inconceivable that the totalitarian states and the democracies can live and work together in peace. It is not any more for us to say that Germany should have this or that type of government than it is for Germany to say that democracies should give up their priceless privilege of freedom. Surely we who live in the democracies should count our blessings. But we cannot talk too enthusiastically about the virtues of democracy until we prove that democracy has those virtues. We would be better advised to spend less time in criticizing the Hitler regime and more time in bolstering up our own weaknesses. The best criticism anyone can give of a dictatorship is a perfectly functioning democracy.

Our freedom was hard won. Our forefathers paid for it in blood and tears. Are we to be unworthy of that heritage? Are we to let the world slip back into the dark night of oblivion because of our incompetency, because of our neglect, because of our failure to see our problems and to see them whole? Or shall we keep the beacon light of democracy burning to light the rest of the world which has taken the by-path back on the road to freedom?

Democracy is not perfect. It is as fallible as the people who compose it. In the democratic state, though the good generally prevails because the majority must be pleased, special or malignant groups cannot thrive for long, as larger groups will generally turn them out of power. On the other hand, it is true that the majority does not always realize its power, or even that it is being exploited. That is when an intelligent leadership is so desirable and necessary.

Conditions in most parts of western Canada this year, Mr. Speaker, have been, to say the least, desperate. It is a combination of poor wheat markets over a period of years, and no wheat or anything else to sell because of drought, grasshoppers and rust. Fortunately this year those who were lucky enough to have rust-resistant wheat had some grain to sell. The government fixed a price of eighty cents a bushel. This was done, I trust, after mature thought by the government, and not as the hon. member for Weyburn (Mr. Douglas) said, as the result of a by-election in the constituency of Humboldt. I do not know what we should have done if the government had not set a price for wheat. I believe a panic would have resulted in western Canada.

We all realize that the self-sufficiency policy of most countries in the last decade has led to a curtailment of our markets and to an increase in the production of wheat. But it sometimes seems to me as if the people of eastern Canada, and even Premier Hepburn and Premier Duplessis, wanted to add a few frills of their own and to turn the world's great wheat basket into a wastebasket.

The wheat farmer mostly competes in the open market to sell his products. But in order to produce he must buy his implements in a protected market, and we find right now that the western farmers and many of my constituents are not so much interested in the price they receive for their wheat as in getting the commodities which they use reduced in price. As to wheat this year, with the fixed price, the concession that we have made in the British market will not alter the selection greatly. What effect the six cent preference we enjoyed had on the actual market was sometimes disputed; but the selection would be vastly altered if we did not have that fixed price for wheat. So it further indicates to the government the necessity of retaining it over a period of years.

In giving up the British preference, what compensation has the west received? We were hoping that we could see a fairly certain gleam that there would be a reduction in the price of our tools of production or in our cost of living. Two things are of main importance to the western farmer, farm implements and gasoline. Gasoline was not mentioned in the trade treaty; and there is no lowering of the duty on United States implements coming into Canada. This may help the Canadian manufacturer; I do not know; but it certainly will not have any effect in cutting down the price of farm implements. In fact, I am not emphasizing the point because experience has shown us that even if the duty is cut, it does not succeed in lowering the price of farm implements to any great extent, if at all. When you take the duty off the manufacturing companies raise the price anyway. Shortly before the trade agreement was made public, the implement companies turned round and lowered the price. This was perhaps not so much related to what the tariff will be, as to the fact that there was not the tariff to bear it. After the duty was cut in 1935, the price of farm implements actually increased.

I have no hesitation in saying that the price of gasoline and the price of farm implements are out of all proportion and are far too high. Every investigation, including our own and the inquiry in the United States into the price of farm implements, has sustained that fact. The reason that reductions in duty will do little to force the price down is that there is a combination which acts as an international monopoly.

In the report last summer of the federal trade commission upon its investigation into the agricultural implement and machine industry in the United States, this statement is made:

> The effect on prices of this concentration of production is such that, with respect to the most important farm implements, the prices established by the leading manufacturers, especially International Harvester Co. and Deere & Co., constitute, in so far as the machines are of closely similar character, the price level which all manufacturers observe.
>
> The small companies generally cannot sell their products for more than the established prices of widely accepted similar products of the large companies; nor do they feel free to sell for less than the price leaders for fear of starting a price war in which their large and financially stronger rivals would have all the advantage.
>
> Lest their prices be out of line, it is the practice among lesser manufacturers to await the announcement of prices by the leading companies at the beginning of each season before announcing their own. Similarly, the price leadership of the large companies is followed in price changes made during selling seasons. In general, any price reductions are restricted to implements or machines for which the leaders of the industry have announced reductions.

In summarizing the effect of concentration on prices, the trade commissioner's report states:

> It does not take either imagination or insight to perceive that the same sort of thing obtains in Canada, where the market is dominated by subsidiaries of the American companies.

Not only do the rich get richer and the poor poorer, but it seems in these days as though the small corporation and the small business man have no chance at all. In the meantime the consuming public suffers. Let me quote again from the federal trade commission's report on farm implements. They say:

> Domination of the farm implement and machinery industry by a few leading manufacturers has resulted in the maintenance of the prices of their products at levels far higher than those of farm products and of the prices of other manufactured products of somewhat comparable material and labour. There was a more or less general decline in the prices of farm machinery from 1929 through the years of severest industrial depression, 1932 and 1933. However, this decline was slight in comparison with the decline in the farm prices of the principal farm products.

What can be done? Government fixing of a maximum price level would not, I think, be advisable because either labour or the quality of the goods would suffer. Yet if some way cannot soon be found to make the implement manufacturers toe the line, the government will have to set up manufacturing plants under the control of the government; or if we do not want to do that, we shall have to make arrangements with some other countries, like Germany, and get them to manufacture our implements and bring them into this country, because the farmers of western Canada absolutely cannot go on as they are doing for another period of years; conditions are going from bad to worse.

Something also should be done about the price of gasoline. It would not surprise me one bit, if we had an investigation into the price of gasoline, that we should find that the same international monopoly exists as is to be found in connection with the price of farm implements. Whatever it is that is sustaining the price out of all proportion to prices of primary products, the government should not wait until next year but should certainly take some steps this year to eliminate this condition.

No problem in this country demands so much immediate attention as the welfare of the primary producer, particularly the farmer. If the farmer is prosperous, never fear but that

the city will be prosperous. One part of the problem is for the farmer to obtain a reasonable price for his products. Another part is that he should not have to pay an unreasonable price for other goods. To-day he is caught between the scissors. He is cut to the bone on the price paid to him for his products, and at the same time the pittance he receives for his goods is cut deeply by the price of the tools of production and the charge for the amenities of living.

No trade treaty ever designed could satisfy everybody. It is impossible at one and the same time to please the producer and the consumer. But the general object of such a treaty should be for instance, to permit Canada to sell in the United States goods which the United States is unable to produce as efficiently or in sufficient quantities, and to permit the United States to come to Canada with goods which we cannot produce efficiently here. If there is to be some sacrifice, it should be in the artificial industries. I would not look with favour upon destroying industry. I should be seriously concerned if for one moment I thought that by taking off the tariff we should be destroying the factories in the riding of the hon. member for Northumberland, Ontario (Mr. Fraser); but that consequence is always a debatable point. But if the factories where the hon. member for Northumberland lives, are making exorbitant profits in a protected market, and at the same time bleeding to death another part of our economy, not only do I fail to see the value of such protection, but I think it is vicious.

There are a number of items omitted from the trade treaty which I should have liked to see included. Yet the real test of the treaty, and only time will tell, is, will it result in a freer flow of goods between this country and the United States? For England we are a convenient factory to have in case of war, but she too can make better arrangements with her neighbours. Of course we do not wish to lose the British market, and I do not think we shall. But the United States is our natural market. Sometimes I think it would have been much better for us from the first if we had been trading from north to south in place of from east to west; if instead of travelling along a four thousand mile line we could have traded over a few hundred miles between the north and the south.

Definitely, Mr. Speaker, I believe that the treaty is a step in the right direction. It has lowered duties on a broad front, and it is designed to exchange goods. That is what we need if we are ever to get back to prosperity. It also links us with the two great trading nations of the earth. It has long been my view that belligerent dictators would be most vulnerable to an economic union of the democratic states. Democracy is worth fighting for, but we do not have to go around with a chip on our shoulder talking about the totalitarian state. Democracy is such a magnificent ideal, it would be a shame to let it perish from the face of the earth because of our incompetence or because we were unable to mould it to our purpose. If we could make this land and the system under which we live so desirable that the peoples of all countries would wish to come and live here, never fear, it would not be long before other countries would accept our system of government. No man can teach an entire nation for long. The people in Germany turned from democracy, just as the people in Canada will turn from democracy if the government of Canada and of the other democratic nations will not try to make the people happy and contented, but rather hold them down as economic slaves. In the name of the people of Canada, in the name of people with more ability than I have, I appeal to this house to do something for the starving inhabitants, and for the farmers, of western Canada.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. A. MARSH (Hamilton West): Mr. Speaker, I should like to congratulate the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. I am not an old member of the house and therefore I am not a critic, but I think those speeches were very fine indeed.

Before proceeding to the matter of the speech from the throne, I should like to say a word about the opening of parliament and the delivery of the speech in the senate chamber. This may be regarded as a secondary matter, but I think it needs to be said by someone.

Each year the opening of parliament is a much anticipated event. We might even say it is the outstanding event of the year, because parliament has the power to add to or take away from the welfare of eleven and a half million Canadian people. From all parts of Canada come the commoners, members of the senate, their families and friends, business men and various people representing all phases of Canadian life. The focus of this

interest is the speech from the throne. Seated in the senate chamber, in the galleries, back in the foyer and thronging the corridors are representative Canadian people, waiting, hushed with expectancy. The speech begins, continues and ends, and except for those people within a radius of perhaps twenty feet of the speaker the one hour message is not heard.

It is far from my intention to criticize the speaker, His Excellency the Governor General, the representative of the king; but I do think the senate chamber, which at best is a difficult place in which to hear or be heard, should be equipped with an amplifier, which I believe could be installed very easily, in order that those who have come so far, for such an important event, might hear the speech from the throne rather than read it in the morning paper over a cup of coffee. As I was standing at the back of the senate chamber I was considerably embarrassed by the conversation and noise going on about me; yet I could not criticize those who were chatting, because I knew they could not hear. I submit that all the dignity of parliament and British traditions, each of which has a meaning to us in Canada to-day, requires that the speech from the throne be heard as it comes from the cultured lips of the governor general. In fact, I would go further and suggest that hundreds of thousands of loyal Canadians would like to hear the speech from the throne over the air. I am sure the Canadian Broadcasting Corporation would allow that.

I have listened to the excellent speeches on the address that have been made so far. We have heard from hon. members from the east, from the west, from the north and from the south, and I think there is no doubt that this parliament is problem conscious. We know the problems that beset our country to-day, but I would point out that we knew those problems last year, the year before and the year before that; yet we have not gone very far towards solving them. It is very seldom that I find myself able to agree with the hon. member for Lethbridge (Mr. Blackmore), but he asked a very pertinent question. It was this: Does the government know what to do? The next question was: If the government knows what to do, will it do it? The next was: Has the government power? If the government has power, will it exercise that power?

From the press, from the pulpit, from newspapers throughout Canada and in private conversation with thinking men and women we have heard these questions asked: Has democracy failed? Has the government failed? Has community life failed? Has the family failed? Has the individual failed? Has the church failed? All these questions have been asked, and they have been answered by various people in various ways. I should like to take those questions now, put them all together, and unhesitatingly answer yes to all. Having done that, we can get ahead with the serious business of government.

There are some problems, Mr. Speaker, that are sapping at the very blood stream of Canadian life to-day. They are problems that are serious, and in this year of our Lord 1939, at this session of parliament, it is our job to do something about them. Therefore I say to the government—because we are in opposition here; we are handcuffed, tied hand and foot—"Give us legislation, and we will not obstruct it. Give us some policies and if they are any good we will not delay them. We will do our very best to augment, to push through, to pass any bills that are based on sound policy." But may we not flounder again as we have floundered during the past three years?

It is quite fresh in the memory of hon. members that last year we sat for almost six months. We wore the seats out of our trousers, while the man on the street was wearing the soles off his shoes hunting the job that it was our duty to create for him. We waited for the budget. The business men of Canada, the manufacturers and merchandisers, cannot buy; they cannot plan; they cannot budget until the financial statement of the government is brought down. We waited through February and March and April and May. I think it was June 16 when the budget was finally brought down for consideration in this house. In the meantime what was happening? In the city of Hamilton, where I live, there was very little smoke coming out of the chimneys, and there were very few wheels turning in our factories. There were men and women walking the streets of our city, while other men and women were working two or three days a week, getting very slim pay envelopes and depending partly upon relief.

What can we point to with pride in the work of last session? I should like to be fair; I should like to give credit where credit is due. There was a little housing; yes. Good. There was the removal of the sales tax on gopher poison, heavy harness and a few building materials. Good. The farmer buys heavy harness once every seven years, but at least it is a start. Then there was the

removal of the sales tax on material for the making of fishermen's nets. Was there anything else? Was there anything about unemployment insurance? No. Was there a reduction in taxation? No. Was there closer harmony between the provinces? No. Was there greater economy in spending? No. Was there any increased revenue from the customs tariff? No. Were there increased exports? No. Decreased exports? Yes.

Then, Mr. Speaker, after several months had gone by, we came to the bill to assist municipalities to relieve unemployment by making available to them $30,000,000 at two per cent. When this legislation was enunciated I was quite enthusiastic about it; but when we went into the provisions of the bill, we were sobered with the realization that the number of self-liquidating projects was extremely limited. Then we found that the bill could not come into operation until the provincial legislatures met, and at that time they had all prorogued for the summer. So it was necessary for them to be called together before the municipalities could take advantage of that act. How successful has that legislation been? How much of this $30,000,000 has been made available to the municipalities? I speak subject to correction; but my information is that out of the $30,000,000 only $2,900,000 has been made available to the municipalities of this country, with nothing being spent in the province of Quebec or the province of Ontario. That is a ten per cent success as far as this legislation is concerned. A business man would have very great difficulty in operating his business if, in any policy, he had only ten per cent of success and ninety per cent of failure.

I should like to place on *Hansard* a news item from the Toronto *Daily Star*, under date of January 17, 1939:

> Premier Hepburn's refusal to have Ontario guarantee low cost dominion loans for self-liquidating public works has tied up thirty-three Ontario municipalities. They wished to share the $30,000,000 made available by Ottawa last year, for such works as electric light, sewer and water systems.
>
> The two per cent money was available if the loan was guaranteed by the province. Quebec and Ontario refused. In the other seven provinces loans aggregating $2,900,000 were made.
>
> Ontario's attitude halted Toronto efforts to secure aid for its large sewage disposal scheme, but thirty-three other municipalities did make applications which are pigeonholed until the provincial guarantee is forthcoming. The applications are:
>
> Owen Sound, city hall; Pelee township, draining system; Morrisburg, school; London, sewerage system; Burlington, water scheme; Kirkland Lake and Port Arthur, water and drainage systems; St. Thomas, nurses' home; Geraldton, water and sewerage systems; Hawkesbury, school hall and rink; Gravenhurst, sewerage systems; Western Ferris township, water system; Bowmanville, waterworks; West Lorne, waterworks; Dymont township, sewerage; New Toronto, sewerage; Blind River, water and sewerage system; Hamilton, water mains; Larder Lake, water and sewerage; Etobicoke, sewerage; Harrow, town hall; Arnprior, electric light plant; Sault Ste. Marie, public market; Timmins, water and sewerage; Oshawa, city hall; Peel, school; Elmira, school; York township, electric plant; Delaware, school.
>
> East York and North Bay were other municipalities which sought loans for various purposes.

I believe enough has been said respecting the self-liquidating project's measure for the municipalities.

On Monday last the Prime Minister (Mr. Mackenzie King) in impassioned language pointed out the cares of his office and the multiplicity of duties which were his as Prime Minister of the country. I honour him in his position and I honour him because of his consciousness of his cares. But I feel myself called upon to say that he grossly overrates the impact which we in Canada have to make on world conditions. I believe that he grossly over-values the importance of Canada in world affairs, and that not one of his duties as Minister for External Affairs is as important as hand-to-hand contact and eye-to-eye conversation with the man on the street, his family, his sickness, his security, his job. The Prime Minister of Canada is out of touch with the common, ordinary man, and, if so, he is out of touch with Canada, because it is made up of common, ordinary men.

What is the greatest contribution we in this country can make to the world? What contribution can we make to world sanity and world business? What is the greatest contribution we can make to that highest of all pinnacles to be reached by human achievement—world peace? It is this, that we clean up our own door-step and solve our own problems. Do that, and we shall have made the finest contribution we could make to the British empire and the world at large.

I was much impressed with the speech made by our beloved leader (Mr. Manion). He pointed out that Great Britain has solved much of her difficulty through taxation—by collecting three times as much per capita, through customs and tariff charges, as we do in Canada. And yet under the trade treaty which was signed recently—and I shall have more to say about it at a later time—this government is prepared joyfully to lose a three per cent excise tax, which brings in about $18,000,000. Nevertheless it is content to continue to saddle the Canadian people with a sales tax which hits at the very root of the

necessities of life, and which comes out of the pocket of the man who has to buy sugar, flour, shoes and those commodities he needs for his home and his work. We still have the sales tax; we still have the cheque tax; we still have the sugar tax. The hon. member for Danforth (Mr. Harris) brought it out very clearly, that in 1936 we collected $372,000,000 in taxation from the Canadian people, whereas in 1938 we collected $516,000,000 and, as he has said, the job is gone. I wonder how long a business man would stay in business if he practised the same methods our government has been practising for the last three years? With decreased revenues, would not a cutting down of expenditures seem to be a solution to the problem? Why should we spend money we do not have to spend?

Perhaps it may be urged that trade is the answer. A few days ago the Right Hon. Arthur Meighen pointed out in the senate that last year we exported $200,000,000 worth less of products and imported $90,000,000 less than we did in 1937. Now that we have opened our market to 120,000,000 people, what is going to become of our industry? It seems to me that in view of diminishing revenues there is only one way out, and that is to spend less money.

The hon. member for Peel (Mr. Graydon) never misses an opportunity to speak about his native county and, following his example, I should like to say a word about Hamilton. A few years ago in that city we were faced with bankruptcy. Our bonds were no good; our credit was not good. The mayor of Hamilton took it upon his shoulders to adopt a pay-as-you-go policy. It was his thought that if he took a dollar from the taxpayer of Hamilton, spent only ninety cents of it and put away the other ten cents to pay off our debt, conditions would greatly improve. Mr. Speaker, I am a very fortunate man; I have five children. As yet I have no grandchildren, but perhaps, being an optimist, I shall have. What right have I to spend a dollar that belongs to my children? What right have I to spend a dollar that belongs to the unborn child of a future generation? What right have I to borrow money which a future generation must pay back with interest, in order that I may now live?

I do not know how the home owner can continue to own his home. I do not know how the young man can buy a home, if the burden of taxation, which is greater than old Sinbad the Sailor ever carried on his shoulders, is permitted to continue. I should like to place on *Hansard* a submission made to the royal commission on dominion-provincial relations by the Canadian Chambers of Commerce on May 30, 1938.

Real estate taxes.

At the time of confederation, wealth was represented mainly by land, and consequently the chief source of taxation was real estate. Times have changed, however, and wealth has come to exist in many forms. In more recent years, also, municipalities have had to bear a new financial responsibility in respect of social and welfare services which was not contemplated when their taxing powers were granted. The burden of these new services has fallen upon real estate to such an extent that the result has seriously affected the tendency of Canadians to own their own homes, retarded the construction industry, and undermined the value of investment in real property.

Last March, speaking about the federal responsibility for direct relief, I said:

I desire now to say just a word or two about the ability of the property owner in Hamilton to pay his taxes. In 1930 arrears of taxes in our city amounted to $1,107,710 against an assessment of $165,440,160. Seven years later what do we find? We have tax arrears to the amount of $2,488,555 on substantially the same assessment, or a trifle less, namely, $164,127,200.

I had the figures for 1938, but I appear to have mislaid them. They show a picture worse than that for 1937.

From the evening paper of to-day I read where the mayors' association has met in Toronto. Our Ontario mayors are trying to do a good job of setting their house in order, and to do so they need help from the federal government. I shall not read the whole of their resolution, but shall be content to record the two following paragraphs:

That the municipalities of Ontario, in the preparing of their 1939 budgets, absolutely refuse to budget for or pay in excess of thirty per cent of their actual expenditures for relief.

That in case the two governments contribute less than seventy per cent toward relief costs, the municipalities will cut relief to conform to the amount paid by them plus the thirty per cent contribution by the municipality.

We should pay attention to this mayors' association. They are setting their house in order, and they are trying to do a job that requires the cooperation of this government.

We must face up to another problem, and this is one for this and the next government. Surely there is room in the various phases of the administration of this government for the curtailment of expenses. Where shall we find it? Perhaps the railway problem furnishes food for thought. I shall not discuss it in detail, but let me say that thirty years ago the ordinary section gang was composed of six or seven men. Their job was to take care of five miles of track and roadbed. To-day three men constitute a section gang. We have not been practising economy from the top down. Four men in each gang have been put out of work, but I submit to the Minister

of Transport (Mr. Howe) that he should focus his attention upon private cars, luxurious hotels and the general supervision of the railroad, instead of cutting down the section gangs. More money will be saved and more men will be given work on the tracks and in the roundhouses.

I should like to say a word or two about royal commissions, though previous speakers have already mentioned this matter. The government does not seem to have shown a flair for economy in the numerous royal commissions that have been appointed. This afternoon I was very much taken with the address of the hon. member for Humboldt (Mr. Fleming). While he was speaking I wanted to say, "Hurrah! for Ireland." He said that too many royal commissions had been appointed, and he advanced the argument that perhaps these commissions should be made up from members of this house. Certainly a commission should not be doing work that we as members of parliament are paid to come down here to do.

Mr. FLEMING: I said also that the members of the senate might be able to do it.

Mr. MARSH: I agree thoroughly with my hon. friend, and I should like to place on *Hansard* a short newspaper article about commission government. It says:

> Actually, a royal commission represents the confession of a government that it doesn't know what to do about some given thing; or—what is just as bad—the confession of a government that it doesn't propose to do anything about a given thing. A. P. Herbert of *Punch*—

I may say that Mr. Herbert is a member of parliament as well as a humorist—

—hit the thing off perfectly in his famous poem:

> I am the royal commission on Kissing,
> Appointed by Gladstone in '74;
> The rest of my colleagues are buried or missing;
> Our minutes were lost in the last Great War.
> But still I'm a Royal Commission,
> My task I intend to see through,
> Though I know, as an old politician,
> Not much will be done if I do.

There is another problem which we have to face, which the leader of the opposition (Mr. Manion) pointed out. This is a matter that concerns governments, present and future. Since 1930 Canada has spent $900,000,000 on relief. More and more it is being impressed upon the members of the House of Commons and upon thinking men throughout the country that relief without work is an unsound policy which results among other things, in a decadent manhood and womanhood, meanwhile placing a heavy burden upon the shoulders of the thrifty.

I should like to say a word or two about the problem of youth. Last night when I should have been preparing this speech I went down to the railway committee room to attend the meeting in connection with the dominion-provincial youth program. We saw an interesting film entitled "Miners in the Making." I wish to compliment the Minister of Labour (Mr. Rogers) upon the start he has made, but I suggest that this problem is so serious, so far-reaching and so affects the very fundamentals of Canadian life that we should not be simply puddling around in the shallows, we should be getting right down to the depths of this problem. I learned that 22,421 of both sexes had been trained, or rather had been enrolled, but that only 2,319 had been placed in industry. When you break up the total of 22,421, you find that 15,796 received physical training, which is quite worthy, but only 2,319 young men and women had been trained and placed in industry or other gainful employment.

I submit that the greatest investment in Canada is not our forests of white pine, yellow pine and pulpwood; it is not our mines of nickel, gold and radium; it is our Canadian youth. May I give some conservative figures concerning our youth problem, and I will underestimate rather than overestimate. I have it on good authority that 280,000 young men and women between the ages of sixteen and twenty-six are unemployed, and that of that number 72,000 have never had a job. Last year we voted $2,000,000 for the re-establishment of youth. Mr. Speaker, if an international crisis should arise and it should be necessary to defend our country, we would take that army of youth, put rifles on their shoulders and equip them for war. We would find $100,000,000, if necessary, to do it. Cannot we find $10,000,000 or $25,000,000 to equip this army for peace? If the Minister of Finance (Mr. Dunning) were in his seat, he would probably criticize me and say that I am inconsistent, in that, in one and the same breath I am suggesting a curtailment of expenditure and an additional expenditure.

My thought is this: We can take the young men of Canada and put them in employment camps. We can further, on a large scale, the work that has been started in afforestation and reforestation, in mining, in the building of roads up into the north country and on flood control projects; we can put them to work in the husbanding and re-creation of the resources of our country.

Now, if we solve our youth problem, if we solve our unemployment problem, we shall solve fascism, communism, nazism, and many

other secondary problems that beset this dominion. If we do not solve these problems, then we cannot complain if a nation with iron in its blood comes in and possesses the land that we regard as rightfully ours.

The speech from the throne places a necessary emphasis on the question of national defence. When $33,000,000 was voted in 1937 for national defence, I think most of us thought that vote was wise. When $31,000,000 was voted in 1938, we thought it was wise. The government now announces that $60,000,000 will be spent on national defence. I think we should be proud of that vote. If the Minister of National Defence (Mr. Mackenzie) has not already done so, I should like him to take into consideration the recruiting of the material resources of the nation for national defence. It is just possible that our national defence is based on the standards of twenty or thirty years ago. I hope that when his estimates are brought down they will contain a vote for the establishment of a staff school in order that toolmakers, expert mechanics, captains of industry and others in the mechanical world may learn something about the making of 1939 ordnance. I hope it will never be necessary to fight a war in Canada or to defend our country, but the fact remains that the incidents of the last few months have been sobering.

I also hope that it will be made as easy as possible for military units throughout the country to attract the right kind of young men into the national service. I remember well bringing to the attention of the Minister of National Defence in the house last year the fact that staff officers in the various militia units had sometimes to bring in military accessories required by the unit from another country, because they could not be purchased in Canada, and I asked him if something might not be done to relieve them of the cost of paying sales tax and duty on these items. I pointed out then that we should not as a government try to make money out of a man's patriotism. The minister's answer was that the matter did not lie within his department but within the Department of National Revenue. I hope that in the meantime he and the Minister of National Revenue (Mr. Ilsley) have gone into a huddle in order to see that our good officers who are trying to build up their units do not have to pay money to the government for the privilege of being patriotic citizens.

Not long ago I went down to the armoury in Hamilton and I saw young lads wearing low oxfords, and they had stretched their puttees down to try to cover them. The militia endeavours to build up their units by appealing to a man's pride in his personal appearance; yet one sees seven or eight different shades of khaki, ranging from a dirty yellow to a dark brown, and old boots that are worn out at the soles. I am not a military man, but I have heard it said that to have a good soldier you must keep him well shod and fill his stomach. Well, Mr. Speaker, some of those boys have not yet been able to find a job. They have not even a decent pair of boots in which to turn out on parade.

The motive force behind our militia units to-day is the veterans who served in the last war, and they deserve our best cooperation.

Just another word about equipment. How much of the equipment that you find in our armouries to-day is up to date? In Hamilton to-day in the armoury we have guns twenty-five years old. We have modernized them to the extent of putting pneumatic rubber tires on them, but they are still the same old guns. Concluding my remarks upon national defence may I say that the most valuable class of man power in Canada to-day, and I am sad to say it, is the returned veterans. They are better equipped to go to war because they know something about it, and it is too bad that our young men should not have been trained in national defence.

Just a word about the newly signed trade agreement. The Minister of Labour (Mr. Rogers) is reported in the Ottawa *Journal* of November 19 last as saying:

> Employment would increase for two reasons: first, through greater activity stimulated in the primary industries: second, through an improved domestic market for Canadian manufactures, arising from the greater spending power of primary producers.

The minister knows as well as I do that the primary industries in this country employ only 100,000 people, while the secondary industries employ 900,000 people, or almost one million. It is the secondary industries that are going to suffer from this trade agreement. Take iron and steel, for instance. The national employment commission reported that manufacturers of iron and steel products, who should normally employ 100,000 people, had dropped 35,000 from their payrolls since 1929. The trade agreement hits at the secondary iron and steel industries. The imports in this group from the United States amounted in 1937 to $22,000,000, subject to the old rate of duty which was thirty per cent. The new rate is the lowest ever. Take, for example, the basket tariff item for iron and steel products, 446A; the imports were $4,000,000 in 1933, and under the trade agreement of 1936 they rose to $10,000,000. With

the lower duties in effect in the new agreement, where will the Canadian manufacturer of iron and steel fabricated products be? Our imports will double or treble under the new lower duties. The same applies to brass and copper products, imports of which jumped from $2,000,000 in 1935 to $3,000,000 in 1937; and to aluminum, imports of which jumped from $721,000 in 1935 to $1,727,000 in 1937. Again, machinery, exclusive of electrical apparatus and motor cars, was imported to the extent of $50,000,000 in 1937. This item represents the maximum of labour content, and yet the imports in many lines will double if parliament passes this trade agreement. So I say to the Minister of Labour that for every one extra employee engaged in primary industry—I am talking about the hewer of wood and the drawer of water—five artisans now engaged in the secondary industries will lose their jobs.

In conclusion, Mr. Speaker, I would point out that in the United States, and in Great Britain, before these trade agreements were signed, the authorities called into conference manufacturers and business men. They are the men who know what the effects of the agreements are likely to be on trade and industry. In Great Britain for example, there were called into consultation: Lord May, chairman of the import duties advisory committee; Sir Sydney Chapman and Sir Allan Powell, members of that same committee; also Sir Percy Ashley, the secretary. The federation of British industries was represented at the conference in Great Britain, and the Hon. Oliver Stanley, president of the British board of trade, was also called into consultation.

Finally, Mr. Speaker, the people of Canada are looking forward with unparalleled interest to the approaching visit of Their Majesties the King and Queen. May we see to it, above all else, that the boys and girls of this country see their king and queen? What do we matter? It is upon the shoulders of the younger generation that a greater and a better Canada is going to rest.

In the meantime may I beseech this government to shed its Rip Van Winkle mantle, arise from its long sleep, and bring down legislation early, so that when the king and queen come here in the month of May we shall have a better Canada to show them. Goodness knows, Canada needs a government.

On my way up to the chamber to-night I passed the parapet on which the snow had newly fallen, and two boys, seizing their opportunity, had written their names in the snow. They had seen their opportunity and had seized it. Never in the history of Canada, Mr. Speaker, has the extremity been so great, and never the opportunity so present for writing bold and courageous laws for a new Canada. I say to the government: You have failed. You have come to the last page of the book, and the book is now about to be closed, with little having been done to better conditions in this country.

[Mr. Marsh.]

Mr. A. J. LAPOINTE (Matapedia-Matane) (Translation): Mr. Speaker, as I do not want to trespass on the valuable time of the house, I will be as brief as possible. First of all I should like warmly to congratulate the mover and the seconder of the address in reply to the speech from the throne on the excellent way in which they have performed their delicate task. May I also offer my most sincere congratulations to the Prime Minister (Mr. Mackenzie King) for the splendid address he delivered the other night. Such a speech not only raised him still more in the esteem of his own followers, but, I am sure, made a profound impression on all hon. members. On the other hand, the speech of the leader of the opposition (Mr. Manion) has been rather disappointing. I recognize that his duty is to criticize the actions of the government, but it would have been more in keeping with his position as party leader had he formulated constructive ideas instead of dwelling on the same old stories and launching mean attacks against the Prime Minister who will go down in history as one of Canada's greatest statesmen.

I listened with pleasure to the congratulations offered by the hon. member for Stormont (Mr. Chevrier) to the prime minister of Great Britain for his action in the tragic days of the latter part of September. By these actions, Mr. Neville Chamberlain saved the world from the most appalling disaster. During those grim days, when the peace of the world hung by a thread, Great Britain, through her prime minister, made wonderful history.

Now, sir, I want to thank the government, on behalf of the victims of the terrible fire that destroyed the village of St. Luc de Matane, for the aid given them on that occasion. Those unfortunate people lost, in the course of a few hours, the result of several years of toil, labour and sacrifice. Thanks to the aid received from the provincial and federal governments, they once again feel confident and they will always keep the memory of the generous deed performed in order to help their village to rise from its ruins.

There is a question of great interest at the present moment on which I do not wish to dwell to-night, and that is the proposed admission in Canada of European refugees. However, I should like to avail myself of this

opportunity clearly to define my attitude on that matter. For my part, I am unequivocally opposed to the project. It is difficult enough, at present, to find work for our own unemployed without assuming new responsibilities.

I would fail in my duty as representative of the electoral district of Matapedia-Matane, were I to miss this opportunity of calling the attention of the government on the precarious situation in which our workmen find themselves during this winter. Owing to special circumstances, lumbering operations have been greatly reduced and accordingly a great number of workmen lost their livelihood. They are courageous men and what they are asking for is work. The government should start public works, without delay, especially in the industrial centres which suffer particular hardships.

The speech from the throne states the government's intention to expand its long range program of public undertakings as a means of relieving unemployment. I have already suggested to the government ways of ending this calamity in my section of the country.

My district offers great possibilities of development. Thousands of unemployed could be permanently established therein, but on condition that means of communication be provided, giving access to the interior of Matane county, which penetrates triangularly to the heart of Gaspé peninsula.

During the budget debate of the session of 1937 I had the honour of proposing to the government a five-year plan providing for means of communication giving access to immense forests which are going to ruin because of the ravages of the saw-fly and also because they have passed the age of maturity. Such a plan would also bring about the opening of a new territory eminently suited to colonization. During that debate I spoke as follows, on March 4, 1937, as recorded on *Hansard*:

> Since we still have acute unemployment, since all the remedies which have been used so far have proved to be mere palliatives and have not given the expected results, since the calamity of unemployment threatens more and more to disorganize our economic system, why not consider a scheme for the development of our resources on a large scale? How many countries are there which would not like to own the wonderful heritage with which Providence has blessed us, in order to make it productive?
>
> Industry will never be able to absorb all our working men. Yet, it is imperative that we should give up the baneful policy of relief initiated by the former government, which has spoiled our people in teaching them to rely upon the nation for their upkeep.
>
> Therefore, Mr. Speaker, work is what is needed. Work for our honest unemployed who are courageous and find it humiliating to be always appealing for help. Work for our young people who are losing their spirit through idleness.

Later, that is last year, when speaking, as I am now, on the address in reply to the speech from the throne and pleading before this house the case of our rural young people, I spoke the following words which are to be found in *Hansard* of February 1st, 1938:

> When, looking at the map of my constituency, I notice a vast district, comprising the townships of Laverendrye, Catalogne, Gravier, Clark, Casault, Lagrange, Bontet, Duniere, Richard, Cuocq, Leclerc, Joffre and Baribault, which have never been opened to setlement, I cannot but think that all the unemployed of my constituency could find work there. I reflect that there would be good prospects for all courageous and proud young men who are not afraid to face those hardships and sacrifices which, sooner or later, must be the lot of those who wish to succeed in life. I reflect that there would be good prospects for all our spirited young men in whose veins still flows the blood of the early settlers who opened to civilization the shores of the St. Lawrence. And I know, Mr. Speaker, that these young men are still numerous in my constituency, but they are awaiting the time when the government will open for them the way to those areas and help them to make a start.

Another essential undertaking closely connected with the development of my constituency is the improvement of Matane harbour, in order to make it as soon as possible a deep-water harbour. By its geographical situation Matane is destined to become a very important seaport. It is the natural outlet for the entire western section of Gaspé peninsula, including the interior.

Mr. Speaker, I know the people of my county. They are courageous and proud. They do not want charity; they want work. The government will, by granting my requests, contribute in a very large measure to the development of my district, while providing a large number of men now unemployed and penniless with the means of earning an honourable living.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, reference has been made by the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth), to the formalities at the opening but when the blowing of trumpets and the tumult and the shouting of the opening of parliament die, what will the harvest be for the working people of this country? It is not so much what the speech from the throne contains as what is left out. So far as any good to solve the economic problems of this country is concerned, it puts me in mind of old Mother Hubbard's cupboard. The government of the day have no constructive suggestions to give to the country how to solve the economic problems we have,

and the duty is on the government of the day as long as they are the government to solve these problems. In a rich country like Canada, which has long been coveted by the dictators, with its magnificent natural resources, there should be nobody out of work. On the billboards during the last general election the government party made this reference to unemployment. "Vote Liberal and end unemployment." Well, all I know that they have ever done for unemployment is to find employment for a lot of useless commissions with their secretaries and lawyers and all that kind of thing. Right here in Ottawa they have established a great basic industry to solve the unemployment problem. It is known as the ambassadors' cure for unemployment, and ambassadors with three-cornered cocked hats, swords, epaulettes, spurs and all the rest of it are going to go to all the capitals on the seven seas to represent Canada. With its separatist policy, which this government is now pursuing, the appointment of all these ambassadors simply tends to separatist policies so fatal in war and destructive in peace. Reference has been made to the visit of the Prime Minister (Mr. Mackenzie King) to Hitler in Berlin. The right hon. gentleman wanted to get Hitler's point of view, and he did; and Hitler certainly got the Prime Minister's point of view. Hitler knew how to shape his course when he discovered the separatist tendencies of the dominions. In the same way Emperor William in 1914, when he found a want of unity in the empire, after getting separatist views of South Africa and other dominions, decided to cross the Rhine, allowing treaties to become mere scraps of paper. And now Hitler is on the march. He has added Austria to Germany and is now going on to the Black Sea and the Mediterranean. Canada imposed sanctions against Italy and then repealed them, and after Ethiopia had been conquered, this foolish sanction policy drove Italy into the German orbit.

I find so many evasions and so many platitudes in the speech from the throne that I see no hope of the government's policy solving any of the economic problems of the country. Reference is made in the speech to the coming of the king and queen. It is not the first time that the present king will have been in Canada. I saw him at the Falls before the war, when he was a midshipman, and at that time he showed a keen interest in the industrial progress of Canada and its people. On this occasion he will receive a hearty welcome from the Canadian people, not because there has been any change in his title. He is now being described by the high-sounding title of King of Canada, but he has always been King of Canada. The British sovereign has been King of Canada ever since the treaty of 1763, so that high-sounding titles and coronations in India, Australia and elsewhere, which might satisfy the vanity of a few people who believe in the policy of separatism, are not at all necessary either by law, statute, usage or custom to make his majesty King of Canada. It seems to me that we are becoming more American than the Americans, and the capital of Canada is coming to be known as the Washington of the north, and Washington the Ottawa of the south. I doubt whether we have not been driven into the American orbit for keeps.

When the king does come to Canada I hope it will be recognized that the union jack is the only Canadian flag. It has been hauled down in South Africa and southern Ireland, but it has always been the flag of this country and I hope it will continue to be. Similarly, God Save the King is the only national anthem in Canada. It is both a hymn and a prayer, a prayer to the Almighty for the preservation of the king, the throne and the safety of his majesty's person and subjects. There has been no other national anthem in Canada since we have been a country. I was at a patriotic dinner function the other night, and at the conclusion the audience stood at attention and sang another anthem, O Canada, but that is not and was not the national anthem of Canada or our empire. I remember on one occasion when I was mayor of Toronto, some of those who attended a similar function in Massey hall, myself among them, declined to stand up when some other anthem was sung. As I say, there is only one national anthem for this country, and that is God Save the King.

We have lost one of the most brilliant men in the public life of Canada in the retirement of the former leader of this party (Mr. Bennett). He will sail at the end of this month for the old country, and I predict for him there, in the heart of the empire, as great a future as he has had a past in Canada. He is a marvellous man, a statesman and a patriot. He has been succeeded by our new leader (Mr. Manion), whom I have known since he was a medical student, who is very well liked, a man of good ability, a splendid type of Canadian, and in addition to that, one who is a returned soldier. I believe our new leader will give a great account of himself, as he has done already.

I should like to have seen in the speech from the throne a declaration in favour of the Christian religion in Canada. The Christian religion to-day, it seems, is being driven

from pillar to post. Christianity is a part of the law of England, and by the constitutional act of 1791 it automatically became a part of the law of Canada. The National Conservative party of Mr. Chamberlain have made it a plank in their platform in England.

May I now say a few words with regard to the domestic policy of this government. After all, there is too much time and attention given to foreign affairs, since we are, as in 1812, for defence completely dependent on Great Britain. While foreign affairs are important, it must be remembered that we have to look after eleven million people in our own country, and I am surprised that in the speech from the throne there is not a single, definite, concrete proposal that promises any relief to the masses of the Canadian people, those whom Disraeli called the suffering millions. Canada has no policy but drift in matters of trade, defence and migration. In the speech from the throne there is no reference to these topics, nothing at any rate of a really concrete nature, though there are a lot of platitudes. One of the problems which this government has done nothing to solve is the problem of unemployment and distributism. What we should aim at is to restore Canada to the position she held under Macdonald, Laurier, Brown and Cartier. Canada was then a democratic country based and built upon the practical recognition of the principles of private property and freedom. But there is no freedom for the man who is at the mercy of arbitrary economic factors which are beyond his control.

One of the most important problems facing this country to-day was referred to in an address over the radio the other night, by the president of the *Globe-Mail,* Mr. McCullagh, namely the old way we have as a system of government. I believe this is the fourfold problem of constitutional, parliamentary, cabinet and law reform, and until these are satisfactorily dealt with we cannot have any economic reform. Let us take, first, constitutional reform. The constitution is three hundred years old. We have made no progress. As Mr. Grattan O'Leary said in a recent issue of *Maclean's* magazine, the executive have captured the government of Canada. It took over one hundred years of strife, turmoil and bloodshed for the mother of parliaments to get control over the executive, but where is parliamentary control in Canada to-day so far as the expenditure of money is concerned? Nowhere. On February 17, 1937, I introduced a motion to provide that, instead of 245 members in this chamber holding a post-mortem into the public accounts and estimates of the dominion, there should be estimate committees for the purpose. We should have the municipal system under which departmental heads could appear before an estimates committee and reductions made there. This, I have no doubt, would result in a considerable saving to the people of Canada in the maintenance charges of the country. But the government will do nothing about it. The same apathy has marked their attitude to the questions of parliamentary, cabinet and law reform. We are behind the times so far as these important questions are concerned. Indeed, it seems to me our constitution is well on the way to be upside down at the present time. I should like to bring in a bill dealing with the question of referendums in Canada. Then the people would have some chance to rule. The referendum would be held on the same day as the general election, as in the case of the municipalities. In that way we might get some expression of opinion on two of the most important problems which this country is facing, over-government and over-taxation.

The municipalities had their revenues reduced in 1918 when the dominion government invaded the income tax field. In my opinion the federal power should assume the full cost of relief and should also give direct aid in connection with public health and hospital deficits. Canada spends about three and a half million dollars on the health of animals, but all it can spend on the health of humans is about $400,000. As I see it, the the first duty of a government is to look after the health, peace, welfare, comfort and prosperity of its people. The city of Toronto has spent $7,524,513 on relief, of which the city contributed over $2,700,000, the balance being divided between the federal and provincial governments. At a meeting of the Ontario mayors yesterday at Toronto it was stated that in future the municipalities might have to pay forty-five per cent of the cost of relief. If that should be so, the municipalities will face bankruptcy. In 1915, when I first became mayor of Toronto, seven and a half million dollars was all the money we had to spend in controllable expenditures. Real estate cannot stand any greater burden of taxation.

There is a bonus or subvention given to the city of Ottawa by this government in exchange for fire, police and water services. Every grant has a principle behind it, and in this case I believe the principle should be extended to the other large municipalities of Canada, all of which have federal public buildings within their boundaries, and give exactly the same kind of service.

Ontario has been most unfairly dealt with by this government. Under the Municipal

Assistance Act, which was passed in the dying days of last session, provision was made whereby the municipalities could borrow money under certain conditions, if such loans were backed by the province. Owing to certain differences of opinion between the federal and provincial leaders of the Liberal party, however, Ontario has been denied any relief in this direction, although Owen Sound wanted to build a city hall; Pelee township wanted to build a drainage system; Morrisburg wanted to build a school; London, a sewage system; Burlington, a water system; Kirkland Lake and Port Arthur, water and drainage systems, St. Thomas, a nurses' home; Geraldton, water and sewage systems; Hawkesbury, a school, hall and rink; Gravenhurst, a sewage system, and so on. These municipalities cannot qualify under that act because of the difficulty between the Prime Minister (Mr. Mackenzie King) and the Premier of Ontario. That is too bad, because I look upon the principle of confederation as being similar to that old Cornish battle-cry, "Each for all and all for each," and there should be equality of treatment as between the federal government and all the provinces on these relief measures.

A moment ago I was referring to the amount spent on the health of humans. Today, right down in ward 2, which the Prime Minister's grandfather once represented as mayor, there are many people who are in rags, starving, and living under terrible conditions. Reverend Mr. Wilson, pastor of King Street United Church, a very prominent man in Toronto, speaking at a luncheon recently said:

> "We are striving to give the less fortunate boys and girls of the district a chance to gain a measure of success in life," declared Mr. Wilson. . . . "I have visited homes in this district where babies were born without even a towel to wrap around them," he told his listeners.

In my opinion the time has come for the dominion to increase its grants for public health, hospitalization, control of cancer, and so on. How can the government look after the health and welfare of eleven million people if they spend only $400,000 a year on it? I think it is time for a change, and I for one am sick of coming here and seeing such a bill of fare as is proposed in the speech from the throne, and all the hopelessness, inefficiency and do nothing policy in it.

I should like to offer one or two constructive suggestions to the government. I believe this country is afflicted with anglophobia on the radio, in the press and elsewhere. They have these debates over the radio, in the newspapers and elsewhere, by means of which people who do not even belong in this country can put before the people what they have to say in regard to foreign affairs. Such statements are full of half-truths, and they are believed by many who hear them. Our gaols are full of youths whose only fault is that they cannot find a job. There are forty-eight of these institutions in Ontario, and most of them have been condemned by a royal commission as unfit for human habitation. Last week I referred to a case in Timmins, where the magistrate sent seven high school boys to gaol for thirty days because they had no place to go, while he criticized the parliament of Canada in no uncertain terms for what it failed to do in not trying to solve the youth problem. Yesterday the youth council met in Ottawa. Some measure of relief for the youth of our country was adopted by this government after it had been suggested from this side of the house in 1936, 1937 and 1938. Many of us felt that the government in some way should utilize the services of the two hundred thousand youths who leave school every year, and that students in the universities and high schools might work in the summer in the development of our natural resources. That would be very much better than the export of brains from this country that has gone on in the past.

Even our history books are found wanting, in my opinion. Green, the great historian, whose History of England was Woodrow Wilson's favourite history, has been taken out of the high schools and other books substituted. I also believe greater care should be observed in the appointment of judges and magistrates, and that the bars should be consulted in regard to them. It is my belief the Magna Charta is becoming a dead letter in this country. People are sent to gaol for vagrancy, when they cannot get work, and there are fifty thousand youths roaming the country, riding the rods, looking for jobs. We have imprisonment for debt. Two years ago I introduced a bill asking that the law of England should be adopted here. I believe that instead of abolishing appeals to the privy council, we should have some definite measure of law reform which would help the working people of this country, and lead to people not being sent to gaol for debt or imprisonment without bail, in most instances.

Recently the Toronto *Globe* referred to by-laws which are passed by federal commissions. This parliament confers on commissions and officials of the government the power to make rules and regulations, which even this parliament has not power to enact, and which are thus given the force of statute. In my

opinion, these by-laws and regulations should not be passed until they have been approved as being intra vires by the Department of Justice, which gives legal advice to the government and the various commissions which it creates.

I notice that there has been some talk in the Ottawa newspapers to the effect that the east and west blocks, those historic relics of confederation, which have housed the brains of our country and where the privy council has met since we have been a country, should be torn down. To some people the past seems nothing but error, but I look upon it as modern desecration to see such buildings and memorials torn down and replaced by others, when at one time they housed the best brains of Canada and great men like Macdonald, Laurier, Tupper, Borden, Bennett, King and Meighen.

I might say something about the high cost of living. As a matter of fact I should have expected something about the high cost of living in the speech from the throne. Three years ago there were some references sent to the tariff board for an inquiry having to do with motor cars, motor trucks, radios and other articles. What has happened to those references? When will parliament see the reports? I have received letters from my constituents, but I have seen no results of the efforts of the board. These letters complain that radios, motor cars, motor trucks and refrigerators cost thirty-five per cent less in the city of Detroit than they do in Windsor. I believe in adequate protection; I am strong for it; but I also believe that the Minister of Finance (Mr. Dunning) should place in the tariff schedules regulations whereby the manufacturer would get a fair profit on his capital, leaving some protection for the consumer and labour.

After all is said and done, where is the enemy of protection? The enemy lies in about five per cent of the manufacturers who want to grab all the benefits for themselves, and leave nothing for labour or the consumer. I believe some returns have been made in the interim by the tariff board to the minister, and something should be done along this line.

I have read where the Minister of Agriculture (Mr. Gardiner) has made some observations. May I add in passing that we were pleased to see him at the winter fair. In his speech in Montreal he made some observations about unemployment. If he had studied the Couzens report made to the United States senate and Mr. Purvis' report made to parliament a year ago, he would have found that unemployment in many forms will always be with us. There will always be large numbers who will not find work. I suggest the minister would be far better employed if he urged the government to give us some relief in connection with the intolerable conditions which now exist.

In the time left at my disposal I should like to refer to foreign affairs, to the Chamberlain policy, to the experience which has been gained through history, to pacifism and to education as they relate to these problems. I do not agree with the policy of silence in Canada about foreign affairs and about Canada's defence policy as set out in the speech from the throne. "Trust the people" should be the policy. The policy of silence has been condemned in England and the world over. If Britain fails, the whole world will go with it into outer darkness. The peoples of the empire and of the world will lose civilization, freedom, peace and the freedom of religion we enjoy. I am opposed to a policy of spineless pacifism and to the continuous making of pacifist speeches. I am opposed to a policy of letting the old country go it alone and bear the whole burden of the costs.

Let us not forget the lessons of history in connection with these matters. It was the armed strength of the barons and the suppression of tyranny in the days of King Johr which made Magna Charta possible. The disarmament of the free is the tyrant's chance now as it was in the days of King John. Guardians of freedom must always be on guard. So far as Canada is concerned, may I point out that an unarmed Britain simply invites invasion and insult and, in the end, extinction. Before God to-day Britain stands as the trustee for the peace of the world, but she cannot go it alone. Other states of Europe, the smaller states, look to England as if she were the policeman of the world. But she cannot do it alone, because these weaker and smaller states now follow Germany; they simply follow the leader or the crowd.

Great Britain seeks no conquest for herself, but wishes only to establish the Kingdom of God on earth and to bring about a greater freedom of religion and of civilization, a freedom of the press and of the pulpit, of the legislatures and of the universities.

If one were to accept the views of the Prime Minister and his officials in the Department of External Affairs, one might be led to the conclusion that they were conducting their own foreign policy, a policy of silence. That policy has been condemned in the British House of Commons. According to a report in the *Times* of March 18, 1938, Mr. Neville Chamberlain, Prime Minister of Great Britain, speaking before the parliamentary press gallery, said:

If the people are not allowed to know the facts; if they are not allowed to know what their rulers choose them to know, then that people are in danger of being led to embark upon a course which may presently lead them into disaster.

Then, on March 24, the Prime Minister in the British House of Commons defined the commitments of Great Britain which might lead to armed intervention for purposes other than our own defence or the defence of possessions within the empire. In the course of his statement he said:

There remains another case in which we might have to use force, under the covenant of the League of Nations to bring help to a victim of aggression, even though there should be no direct obligation to take such action.

Since those words were spoken, many things, for the greater part disastrous for us, have happened. Many policies are dead. Mr. Chamberlain and Mr. Daladier, when signing the Munich agreement, drove the last nails into the coffin of the League of Nations. It is time the Prime Minister of Canada permitted the people to know the facts of the situation. A policy of silence is condemned by the Minister of War in the British House of Commons, the Right Hon. Leslie Hore-Belisha; it is his view that it is better to be candid than to conceal the truth. He went so far as to tell the British House of Commons about the deficiency in the defence preparations in the city of London. He said they were not prepared for a war, and that Great Britain would have to make greater sacrifices. Edmund Burke said that government is a practical thing and not an agency to please and aid the fancy problems of ordinary politicians.

Before the war of 1914 Lord Roberts asked for more defences. I can recall no more sad or tragic spectacle in the history of the British empire than Lord Roberts pleading for an armed Britain, and that something be done about armaments. But he was laughed at by leaders in the government. He died in the early days of the war, but lived long enough to see his prophecy fulfilled, and to hear the sound of the guns. It is admitted that if his advice had been taken and the facts known of war near at hand, England would have had 400,000 men ready when Germany engaged in the first battle of Ypres, with a further 120,000 reservists for each additional year, and the fortunes of war would have been different. But before the British forces were ready, the western front had frozen into the deadlock of trench warfare, which was to last for almost three more years.

If democracies are to be preserved, then all Canada must accept certain sacrifices. It is worth while, when we realize the awful possibilities of last September. The people of Canada should know the facts. So far as Italy is concerned, sanctions were invoked, but were not enforced. I say that this government has adopted a policy of isolation.

Do we remember the isolationist and pacifist speeches made in the House of Commons in 1937 and 1938 by government members from the province of Quebec? Do those speeches now represent the policy of the government? Have they a different policy on foreign affairs and defence for each province in the dominion? I think the people in Canada are entitled to know what the policy may be before it is too late. It is all very well to depend upon the United States; we welcome them, but I am here to say that the Johnson act will prevent Hitler, France or Great Britain from floating loans in the event of war. On top of that there is a resolution about munitions. The policy of the United States government is well known. At the present time America speaks with two voices. One is the ambassadorial voice of the president and the other is the congressional voice of the senate and the house of representatives who have the say. I believe that Canada has been criminally negligent in defence matters. A national survey should be made of our man power, our industrial power, our food power and everything like that.

They are critical about Chamberlain at Munich, but he did all that could be done. I know of no dominion more responsible for that policy of disarmament than Canada which urged it. They scrapped the finest air force, the finest navy and the finest army the world had ever seen. That was MacDonaldism. What was the result? You cannot build up a force like that in a day or a generation. The result was that Great Britain was found to be unarmed. Mr. Chamberlain saved civilization and the world at Munich. It may be only a postponement, but he did all that was possible until Britain is fully armed.

What are we doing about youth in this country? I gave the government a policy last year. The Hon. Ernest Brown, Minister of Labour in England, has been trying to get them to do something for youth over there. His policy is set out in a report which appeared in the *Times* of September 11. He made a tour of the unemployment centres. Speaking at a civic luncheon held in the town hall at Liverpool, he said:

Last month, between the ages of 18 and 24, there were 74,034 unemployed in Liverpool, Bootle, Birkenhead and Wallasey. Assuming that one-third of these young men, say 24,700 are physically fit to join the army—if one-third should not be fit, what a reflection on our public health and education authorities—

This is what he should have said to the young men, according to the National Review:

Look here, young fellows! Employment is waiting for you in the army. If you take it you will get food and clothing; free housing; pocket-money; instruction and physical education; you can learn a trade, if you have not already mastered one, at a vocation centre before your seven years' service are up; also, while serving, you will earn deferred pay. You can widen your outlook by going abroad, and you can qualify yourselves to enter Sandhurst and get commissions. You may have heard a prime minister emphasize the slogan "Safety first." Young men! it is safer to be in the army than to walk on a public road in England. We lay these conditions before you. Should you decide not to take advantage of them, you must get a living wage elsewhere; but do not expect your fellow men who are at work to contribute to your maintenance and idleness.

I do not propose this policy for Canada, far from it; but I do contend that this government, having spent $900,000,000 on unproductive relief, should consult industry and labour as to a policy, adapted to Canada's special circumstances for our youth now on the dole. I am not suggesting anything compulsory; it should all be voluntary. We should have a suitable Canadian apprenticeship system like what they have in England. Our youth should be given an opportunity to learn a trade as well as obtaining other education; they should get part time employment and part-time education. They should be able to obtain at least a little pocket money, clothing, food, a home, deferred pay and security, instead of being forced to go round filling up the prisons of this country. A Presbyterian divine speaking in Toronto yesterday said that unemployment is the main reason why so many of our youth find themselves in our gaols.

This government has negotiated a treaty with the United States but it is simply a political treaty. We have lost the British preference of six cents per bushel on wheat which we obtained after twenty-six years. This preference was granted to Canada, Australia and the other dominions, but it has been taken away. We have also lost the three per cent excise tax. That means a loss of $18,000,000. The Minister of Finance (Mr. Dunning) should be providing for that in his budget, and then the government should use this money to relieve real estate and the municipalities, and increase our social services, as I have suggested and as has been suggested also by the head of the Cooperative Commonwealth Federation (Mr. Woodsworth). Something should be done along that line.

Something should be done for our youth. Some of the brightest minds in the country are to be found in our high schools; yet many of these youths are simply riding round the country. They come from some of the finest homes in Canada, but quite often they find themselves in gaol simply because the only thing against them is that they cannot get a job. I think the time will come when it will be shown that this agreement with the United States is very bad for this country. We have given up our preference on wheat in the British market which may never be regained. Governor Landon and the republican party are pledged to the repeal of this treaty. What will be the result when that happens? We shall have lost our preference, and our steady market in Great Britain, our best customer. Canada and the other dominions will be driven into the Washington orbit, and I fear that Washington will become the economic centre of the British Empire. The government has no policy along other lines. The policy of the government in reference to this treaty has been condemned by many capable authorities, and I shall probably have something to say again in connection with it.

I am sorry to see that politics and spending of money like water have again entered into the operation of the Canadian National Railways. The government has given its consent to the completion of the new terminal at Montreal at a cost of over twelve million dollars. I should like to read some questions that I now ask the government here in this debate:

1. Has the government given its consent to the proposed completion of the new Montreal terminal of the Canadian National Railway and at what cost and on whose recommendation was the work asked for started?

2. Will any plan of the said work be tabled and the reports relating thereto?

3. Was parliament asked to sanction said work and when?

4. Is the work to aid relief and relieve unemployment?

5. Did the government meet the corporation of the city of Montreal on the subject or others?

6. Does the province of Quebec contribute anything to the cost of the work or were they asked under relief and municipal assistance legislation to sanction or aid said work?

7. What sums have already been spent on this work and by whose authority?

8. Has the board of transport for Canada been asked to sanction such huge expenditures or report on them or their necessity as recommended by—

(a) Drayton-Acworth report.

(b) The Duff report on railways.

9. Will the cost of said work be raised by taxation from income or capital or will it be raised from income from sales or income tax or will part of it be raised for relief works by the government?

10. What efforts were made at coordination or to eliminate deficits before such work was started?

11. Have any objections to such an uneconomic work been received and from whom?

12. Will any reports on relief or the necessity of relief works of this kind be tabled and will other cities receive similar aid of unemployment relief works and be heard direct by the government instead of being directed to the provinces under the municipal assistance relief legislation?

13. What reports are in existence as to the financial, economic and engineering features of the work?

14. Will preference be given to Canadian labour and Canadian industries in its construction?

15. What other purely municipal relief undertakings and works in Montreal have been undertaken by the government either above or in conjunction with the province for the last three years of record?

16. Does the action taken or to be undertaken now supplement the provisions made by the Honourable the Ministers of Public Works and Secretary of State during the winter of 1938 in the by-elections for the House of Commons in the district of Montreal and reported fully by Canadian press at the time?

Again we are to have politics and inefficiency in the Canadian National Railways. There is very weak management in that road. With a deficit of $50,000,000, I am sure the people of this country will oppose this extravagance which is not necessary from an engineering or financial or railway standpoint, and we should have a joint committee of both houses of parliament to try to solve this railway problem. I made this suggestion last year, but the government rejected it.

Mr. J. A. MARSHALL (Camrose): Mr. Speaker, practically four days have been taken up with this debate; the flow of oratory still continues and the end is not in sight. It becomes increasingly difficult for those of us who are on the back benches to contribute much in the way of constructive thought so late in a debate of this kind. The leaders of the two main political parties have gone over the issues so thoroughly and carefully and have taken up so much time in doing so that those of us who are compelled to follow them find it almost impossible to make the contribution we would like to make.

The mover (Mr. Matthews) and seconder (Mr. Chevrier) of the address in reply to the speech from the throne are to be congratulated upon the excellent manner in which they carried out their tasks. Their speeches show what can be accomplished by speakers when the range of subjects has not been curtailed in any way by those who have preceded them. I should like to congratulate the hon. member for Rosthern (Mr. Tucker) upon the speech he made on Tuesday. He always contributes something constructive to every debate in which he takes part. I want to say the same to the hon. member for Humboldt (Mr. Fleming) who spoke this afternoon. I cannot agree entirely with all they said, but their remarks upon monetary reform were of special interest to me.

It is always a source of amusement to me, when I hear the leader of the government or the leader of the opposition or a private member speak about the result of a by-election. It is always looked upon either as an endorsement or condemnation of the policies of the government. The mover of the address (Mr. Matthews) stated that the voters of Brandon had emphatically endorsed the platform of the Liberal party by returning a Liberal member. He said that his election was generally looked upon as an endorsement of Liberal policies by the people of western Canada. The leader of the opposition (Mr. Manion) was quick to cite the by-election in Waterloo South as showing the attitude of the east. I well remember when the Edmonton East by-election was fought. Some cabinet ministers before the election result was announced were foolish enough to state that the result would clearly indicate how the west felt about Liberal policies; but when the result was actually known, we heard nothing about the west or what it had to say about the party system in general, or about the Liberal party in particular. I think it would be just as well if we dropped this old line of talk because it has been worked so long and so often that people are getting tired of hearing it.

I was very much interested in the computation which was made by a member of the Conservative party of the length of the speech from the throne this session. He told us that he had compared this speech with other speeches on similar occasions and found that the speech this year was the longest for many years past. The leader of the opposition, as reported at page 22 of *Hansard,* said:

> In spite of all the criticism that has been heaped upon these two parties, I believe that they have done fairly well in the government of Canada throughout these years.

An interesting computation which might be undertaken by the same Conservative member, or by a Liberal for that matter, would be to calculate what these two parties have contributed towards the debt of this country since 1870, during the last seventy years since confederation. It might also be of interest if the same gentleman would compute what Liberal and Conservative governments in the provinces have contributed by way of debt to the debt structure of the provinces. The total is astounding. On January 1, 1936, the

total debt of municipalities, provinces, and the dominion stood at $6,950,000,000; in round figures; on January 1, 1937, it had amounted to $7,249,000,000; on January 1, 1938, it had reached a total of $7,267,000,000; on January 1, 1939, according to the information I have here it had risen to a grand total of $7,449,000,000. And now there stands on the order paper a resolution in the name of the Minister of Finance (Mr. Dunning) asking parliament to give him authority to borrow, by way of loan, the sum of $750,000,000.

I wonder, Mr. Speaker, from whom that money will be borrowed. We hear a great deal about the widows and orphans in this country. I wonder if they have anything to contribute towards this loan. In my humble judgment, they have already contributed all they had towards loans in the past. I do not think any private individual or any group of individuals has enough money to make up the amount of this loan. But I believe that it will be borrowed from the creators of money and credit, the biggest legal racketeering concerns in the country, the bankers and their allies and associates, the financial institutions. And finally, in due course, the people of Canada will be called upon to foot the bill by way of taxation; and the interest, which is not created at the time the principal is created, will have to be found as well. I think the day is not far distant when the people of this country will call for an accounting from these two old parties, and in due process of time I believe they will go out of existence just as the snow vanishes before the summer's sun.

I listened with careful attention to the leader of the opposition as he "cussed" and discussed the policies of the present government. Most of his criticisms were merited, but I should like to say to him in a kindly way that his speech was more destructive than constructive. It appeared to me that we were witnessing the same old drama that has been played so often during the last seventy years, of the pot calling the kettle black. That is exactly what it amounted to, and I can assure the Leader of the Opposition and the Prime Minister (Mr. Mackenzie King) that their speeches deceived no one, particularly those of independent mind who do their own thinking, for their speeches were nothing but smoke screens.

I should like to make a few comments on one item which was discussed by the hon. member for Rosetown-Biggar (Mr. Coldwell) and later referred to by the hon. member for Huron North (Mr. Deachman). It is true that the matter was touched upon this afternoon by a member of my own group, but I offer no apology for reopening it. The hon. member for Rosetown-Biggar described very carefully and exhaustively the benefits which had accrued to the people of the Dominion of New Zealand through legislation which had been enacted by a labour government, a government which went into power in the year 1935 and was reelected in 1938. He stated further that the Cooperative Commonwealth Federation group of which he is a member was advocating the adoption of measures similar to those carried out in New Zealand. Let me assure him that this group of which I am a member are advocating similar measures, but with certain provisos. I assume that were the Cooperative Commonwealth Federation to take over the government of any province or even the government of Canada, they would follow along lines similar to those in our sister dominion. Let me hasten to assure the Cooperative Commonwealth Federation that in spite of the fact that Major Douglas, the father and founder of the social credit philosophy, visited New Zealand some years ago and conferred with leading men in that country, we as social crediters do not claim that this philosophy is being practised in New Zealand at the present time. The government of New Zealand has not yet—and I use the word "yet" advisedly—commenced to put any social credit principles into effect; so that we as a group will not quarrel with the hon. member for Rosetown-Biggar if he claims New Zealand for the Cooperative Commonwealth Federation. However, I believe there are certain facts which he in particular and the country in general should know. It is a well known fact that the labour party was returned to power in 1935, and they obtained on that occasion fifty-three seats out of a possible eighty. How was that election won? That is the question. I propose to read a paragraph from an article which was published in the *New English Weekly,* London, England. The first paragraph reads:

> A lifetime spent in New Zealand, including the first six months of the present labour government's regime, enables me to endorse the claim of the latter to be the first labour government in the British empire elected to power as well as to office.
>
> Standing on the main plank of monetary reform, this government rode to victory by an overwhelming majority in November, twelve months ago. That election was notable, for every daily paper of any consequence was actively engaged in opposition, and an unprecedented amount of money was poured out for propaganda of the most violent nature by the banks.

This is the part to which I wish to draw special attention:

> Yet the counter-effect of two to four years' hard spade-work by over three hundred social

credit groups throughout New Zealand was sufficient to immunize the electors when it came to the test.

I notice that when I mentioned the *New English Weekly,* some hon. members on the opposite side of the house seemed to think it quite a joke. Perhaps that is not a very responsible magazine from which to take an article, and perhaps one might question its authenticity; but I have before me the report of a speech which was made in the city of Edmonton, and the authenticity of which no hon. member, more particularly my hon. friends sitting to my right, can doubt. In the summer of 1938 a splendid young woman from Edmonton visited New Zealand. I do not know her particularly. I know of her; I know that she is a woman of culture and intelligence. She is a teacher in that city. She went to New Zealand and studied conditions there carefully. Her name is Miss Mary R. Crawford, and she is the treasurer of the Alberta Cooperative Commonwealth Federation. In her opening remarks she had this to say:

The people of New Zealand have the light of social justice shining out brightly upon them, and compared to them we are laggards. I think it is time we began to catch up.

Going on with her talk, she said:

Social credit has been a corridor through which thousands of New Zealanders had marched to an acceptance of labour principles.

But, she said, social credit had not elected a single candidate in the 1935 election. That is very true, because social credit did not put any candidates in the field in that election. Continuing, she said this:

People in New Zealand were vitally concerned with monetary problems, and social credit apostles had served to heighten this already acute interest by their crusade.

So I think that we as a group of social crediters should be given some credit for the victory of the labour party in the 1935 election. Some of the legislation which has been enacted by that government since they were elected in 1935 has been, to say the least of it, wonderful. These are some of the things they have done:

A basic minimum weekly wage fixed by government decree of approximately twenty dollars, taking the pound's value as five dollars. In addition, an arbitration court must see that wages allow an adult male worker "to maintain a wife and three children in a fair and reasonable standard of comfort."

All citizens in New Zealand are entitled, as of right, to complete, universal, free medical and hospital care from general practitioners. This includes full maternity benefits, as well as special provisions for invalids of a minimum of five dollars per week for an adult incapacitated for work.

[Mr. Marshall.]

The forty-hour, five-day working week, without any loss of wages.

Old age pensions payable at the age of sixty instead of seventy as in Canada. The pension is more than 1½ times as much as that here.

I should like to see, and every member of this group would like to see, this government bring in legislation to provide for old age pensions for people at the age of sixty, yes, and even lower than that.

A system of unemployment insurance already in force.

The government pays a guaranteed price to dairy farmers—back-bone of agriculture in New Zealand—and the price must remain stable the whole year. It also set up a primary products marketing department to handle the export and sale of dairy produce. The government owns all dairy produce intended for export and takes the loss, if any, itself. Profit goes to the farmer.

Farm hands obtain a month's holiday with pay each year.

These are some of the amenities of life which have been brought to the people of New Zealand by the labour government, and I, for one, heartily commend that government for what they have done. But I take exception to the manner in which these blessings have been brought about. Let me quote again from Miss Crawford's speech—and in my opinion this lady is just as good an authority as can be found anywhere. This is what she says:

This elaborate social service program, Miss Crawford explained, is financed by a charge of one pound per person to register for these benefits, plus a further tax of one shilling in every pound upon all wages, salaries and income.

To my mind that is where the nigger is in the wood pile. These amenities have been brought to the people of New Zealand by means of an elaborate system of taxation. It takes $5 to register, five per cent, or one shilling in every pound, of wages, salaries and income. It is my firm belief that these blessings can be brought to the people of Canada, and they must be brought to the people of Canada, without an increase in taxation. I believe this can be done through the medium of controlling the currency and credit of the country and using that currency and credit in terms of the public need. They are not doing that in New Zealand at the present time, and that is the point. That is where we, as social crediters, do not agree with the prime minister of that dominion. The hon. member for Huron North said, in the course of his remarks:

. . . I suggest that hon. members keep these things in their memory—

Things which he had spoken of earlier in his speech.

—for a year or two and then pass judgment when the test of time has brought its result.

Well, he is not foolish enough to think that Premier Savage is going to remain idle, doing nothing within the next year or two. When Premier Savage spoke at Auckland before 8,000 people, he said:

. . . money must be provided for production, and money must be provided for consumption. Unless a country could buy what it produced, trade expansion was impossible.

. . . unless the government of a country controlled the credit of the country it could not control anything else.

It is therefore my humble but firm judgment that the battle which should have been commenced in 1935 by the Premier of New Zealand is just beginning now. He is just about to find the stiffest opposition of his life when he comes to fight those who control the currency and credit of his country.

May I now for a moment speak to one who used to have a seat very close to these two reform parties. I realize that the matter is not covered by the speech from the throne; but if the Minister of Justice (Mr. Lapointe) will leave his Beauchesne's Parliamentry Rules and Forms in his desk for a little while and forget about it, I shall take a few minutes to say what is on my mind.

I am sorry that the hon. member for Kootenay East (Mr. Stevens) has moved over from these groups. I do not believe he will be happy with his former love unless his party makes far-reaching changes in their program. In the last session of this parliament, on March 31, 1938, he had the following to say. I quote from page 1911 of *Hansard*. Speaking of the price of cattle he said:

There is serious distress; in fact, the interjection of the minister tempts me to point out that the price of cattle to the farmers in Canada is not a fair price or one based upon the law of supply and demand at all. It is fixed in Toronto by the heads of the packing institutions, and that condition is unfair to the farmers. I am going to have more to say about that later on. I feel strongly on this question, because next to grain, if not indeed equally with grain, the marketing of live stock is one of the largest items in the production of new wealth in this country. There is no question in my mind—and I have given the matter a great deal of study—that the farmers of Canada are to-day, and have been—I was going to use the word "defrauded"—deprived, and unjustly deprived, of millions of dollars annually that they should get. I am prepared to prove that, and I shall do so one of these days. I am almost tempted to proceed with an analysis of these conditions, but I did not rise for that purpose to-night. When it is suggested that these conditions apply to other commodities, that is true, but there is nothing in the whole realm of activity in Canada to-day comparable with the unfairness in connection with marketing live stock.

Then he was followed by the Minister of Agriculture who said:

With regard to the last few remarks of the hon. member for Kootenay East, while there may be a great deal of truth in the statement that we are not obtaining enough for our cattle, I think it is pretty well agreed, particularly by those of us who are raising cattle, that there is a feature of the present situation which should be mentioned when we are discussing it from that point of view.

May I say to the hon. member for Kootenay East that these words of his are known to every farmer and every cattleman in Alberta. They were the subject of a long discussion on the floor of a convention held in the city of Calgary under the auspices of the rural municipal districts association, where a resolution was passed calling upon the government to take immediate action. I hope the hon. member will take the earliest opportunity—perhaps during this debate—to lay bare all the facts, as they are known to him. Should he succeed in getting action in remedying this abuse, I can assure him that he will win the gratitude certainly of all cattlemen living in Alberta and, I am sure, of all cattlemen in the west.

In conclusion, Mr. Speaker, I want to repeat what the hon. member for Vancouver-Burrard (Mr. McGeer) said in this house during the session of 1936:

Now may I say a word by way of reminder, because I want to warn the government and the Liberal party to-day that if I am right in my conclusions as to the way in which the public has interpreted these promises that were made as pledge before election, if they are not fulfilled then it may be that the Liberal party is placing its footsteps on that trail of broken promises which leads not only through the valley of humiliation but down deep into the abysmal depths of eternal oblivion.

I want to bring those words back to the minds of hon. gentlemen sitting to your right, Mr. Speaker. I want to tell them that danger signals are flying all over this country, and I hope the Liberal party will heed those signals before it is too late.

Mr. MAURICE LALONDE (Labelle): Mr. Speaker, although by tradition the debate on the address in reply to the speech from the throne is an occasion for one side of the house to exalt the policies of the government and for the members of the opposition to decry them, the words of praise that I shall have for the government are in no way dictated by that custom, but by the government's record itself. In rising to speak on behalf of the county of Labelle I am performing a duty commanded by justice and equity.

I hold it as a principle that it is the duty of all Canadians to preach and practise Canadian policies. I submit that the policy enunciated in the speech from the throne and which has been preached and practised for the past three years by the government of this country is essentially Canadian and that therefore it is the duty of every patriot to give it his loyal and sincere support. It is unnecessary, Mr. Speaker, to dwell on the first of these statements. According as our young country, in the course of time, acquires the characteristics and forms of an independent state; according as through the slow but natural evolution of its national life, it obtains its majority rights and takes at the concert of nations the place of honour to which it is entitled; according as on its territory there develops a population deeply rooted in traditions of order and of peace; according as Canada, through her immense natural resources and the work of her children, increases her influence among the nations of the world, every Canadian worthy of the name owes it to his country and his race to promulgate and put into practice just and reasonable laws and a truly Canadian policy.

I say that the policies of the present government, taking into account what economists call intangible factors and what I would call unforeseeable factors, are truly Canadian.

There is only one policy worthy of that name, and that is liberalism as we, federal Liberals, understand it. Far be it from my mind to advocate that partly political and partly religious liberalism, or, if you wish, that partly economic and partly religious liberalism which our opponents, especially in the province of Quebec, are prone to connect with the liberalism of Laurier. By Canadian liberalism, I mean the political doctrine which glorifies individual freedom as far as it can promote individual and social welfare. Set against excessive nationalism of which it is the absolute antithesis, such a doctrine curbs the arbitrary demands of the powerful and the pundits by promoting free and legitimate competition. Canadian political liberalism owes its existence and its principles to French liberalism which, at the outset, was opposed to the absolute power of monarchy. Under the Restoration, it was the policy of those who fought the government of Louis XVIII and Charles X and sought the return of the conditions prevailing after 1789. Victorious in 1830, liberalism became conservative in 1848, as it was then opposed to socialism. Since then, liberalism has been the name assumed by parties advocating civil and political liberty and fighting extreme theories, whether of the right, the center or the left. To-day it is particularly the policy of those who fight state socialism, antireligious sectarianism and all attempts at dictatorship springing either from the right, the center or the left. It is, in a word, sir, the antithesis of toryism whose sole ideal has always been, particularly in this country, the protection of the privileged classes at the expense of the masses.

The foregoing statements lead us to the conclusion that liberalism as practised in Canada provides the ground for the full flowering of practical and theoretical freedom in the economic field. In conclusion, it can be safely stated that, in safeguarding the liberty of man and his most cherished aspirations which include his complete freedom of thought and speech, our political liberalism stands as the irreducible opponent of autocracy, of monopoly and of dictatorship.

Set against the dictatorial nationalism and excessive racism condemned by the Pope himself, our political liberalism has been able to accomplish great things for our beloved country. It has created and built up the code of a truly Canadian policy, as we shall see.

It is under a liberal government that our country conquered its sovereignty, later consecrated by the Statute of Westminster in 1931. It was by affirming the doctrine of reciprocity in 1911 that Laurier, with a display of self-abnegation which will go down in history as one of the most moving of all political sacrifices, became an exponent of the purest liberalism. Then in 1935 his successor, the present Prime Minister (Mr. Mackenzie King), continuing the tradition, negotiated the first treaty of reciprocity with the United States, thus destroying the remaining vestiges of absolute protectionism so dear to the heart of our Tory opponents. Finally, on November 17, 1938, the prime minister signed in Washington a second treaty of reciprocity which will stand as the climax of the sovereignly human accomplishments due to the political liberalism of the present government of Canada.

I could praise this treaty by pointing to its beneficial results for the farmers and lumbermen of my constituency, as it will open a great market for our agricultural products and will tend, by a freer export of forest products, to reduce the latent unemployment existing in that part of the province as a result of a considerable reduction in lumbering operations. But the treaty will do more than that. In addition to its practical effects and its important pecuniary advantages, it will become one of the effective means of strengthening national unity in our country.

It is no secret that this unity is threatened. Underhand campaigns of chauvinism and separatism inspired by a presumptuous egoism

have shaken the structure of confederation. Inhabited by people of different races and religions, Canada has to fight to maintain its national life.

It is greatly to the credit of the Prime Minister and his government to have been able to accomplish the marvellous feat of maintaining in stable equilibrium these contrary forces and dissimilar interests and to make of all these heterogeneous parts a viable whole that is called Canada. Amendments and additions will soon have to be made, in order to adapt the terms of the federative agreement to the needs of the various groups. Without destroying anything, we should seek to build a finer and larger structure. I am confident that the present government of this country will safeguard the rights of the Catholic and French minorities and guarantee them the full exercise of their privileges. Our national unity which was threatened by the world crisis is stronger and livelier than ever, following the setbacks of nationalism and the victories of the present government's political liberalism. This treaty, affecting the most cherished interests of all the classes constituting the great Canadian nation, will re-establish this spirit of solidarity and unity on more solid bases.

In the international field, the policy of the present Liberal government has been Canadian.

There may be some who prefer to the thoughtful and prudent statesman some buffoon of present-day politics. I prefer the wisdom of the present Prime Minister to the saucy verbosity of some of his opponents.

When the European dictators, driven by the imperious necessity of a display of strength essential to the maintenance of their prestige, and swollen by a pagan racism, had Europe within an ace of war; when in a moment of folly they demanded, gun in hand, further ransoms and further conquests, the entire Canadian people stood in those tragic hours behind the traditional serenity of their Prime Minister who had promised that parliament alone would decide the question of Canada's participation in foreign wars. This statement, Mr. Speaker, is the consecration of the Liberalism of Laurier such as we practise it.

A certain Montreal daily newspaper sought in its edition of January 18th, 1939, to spread about the government and its leader a falsehood that common sense itself will refute. Because the Prime Minister of Canada read passages of a book which quoted a statement of Sir Wilfrid Laurier who had said in 1910 that when England is at war Canada is at war, this paper concluded that the leader of the government was ready to launch the country in an adventure of military conscription should England be drawn into a conflict. It took good care, though, not to quote in full Laurier's words, which were these: "When England is at war we are at war and exposed to attack." That is an altogether different matter and, besides, in 1910 the imperial tie was an all-powerful factor. Our colonial and dependent status implied certain obligations on our part, and bound us, as it were, to the mother country's destiny. But the wonderful emancipation brought about by the statute of Westminster freed us from that responsibility. Had the leader of this government issued such a fateful proclamation, our very independence would have been sufficient to ensure our right to declare our neutrality. But there is no need to give more publicity to that misleading announcement. Further on, the same newspaper admits that the policy of this government as regards participation in foreign wars is that parliament only is supreme, not the government. I am not surprised that the semi-official organ of the nationalists in Quebec should have availed itself of this opportunity to do some hair-splitting in order to launch an anti-militaristic campaign in my province. They cherish the hope of setting up a national federal party, which would merely be, under another name, the old tory party with which no one wishes to be associated in our province. They fondly expect a repetition of the tragedy of 1911.

There is no occasion for doubting that, belonging as we do to the British Commonwealth, even as a free and sovereign partner, we may sooner or later, have to decide whether we should bleed our country white in order to protect the empire's interests. But I do say, most emphatically that the liberals remember too well the bloody experience of 1917, that we believe our patriotism to be at least as sincere as the patriotism of those worthy writers who may be publishing reputed newspapers; that, conscious of our responsibilities as representatives of the people who do not want war we are against any such venture, and that, as long as this government is in power, the Canadian people should have a feeling of security. The leader of this government took a clear cut stand when he said "Parliament will decide."

I now say to my compatriots that they need not fear to follow Mackenzie King rather than the leader of the opposition whose endeavour for military conscription in 1917 is still remembered by the people in my province.

I do say, Mr. Speaker, that such a policy is truly Canadian. That is how our beloved country has gained in international matters, the respect of other powers. Of such achieve-

ments is history made and future generations will find in it the record of a steadfast man who was a genuine Canadian.

Of course, an increase in the national defence estimates is forecast in the speech from the throne. I shall purposely withhold my opinion, but I understand that the Government will deal with the matter in the light of our financial resources and of the geographical position of Canada.

I now wish to congratulate the leader of the government on the very fine speech which he delivered last Monday. On that occasion the two leaders have tried conclusions. The right hon. the Prime Minister has fulfilled the expectations of connoisseurs in besting his opponent with his unimpeachable arguments, his rousing dynamism and the moderate tone of his remarks. The maiden speech of the Conservative leader was awaited with much interest in Ottawa. Being the successor of one of the most aristocratic and well informed parliamentarians he owed it to his followers to rise at least to the heights of eloquence and sophistry where the former Tory leader had soared. It should be admitted that his task was indeed tremendous. Let me say right now that the present leader of the opposition has completely failed. He has disappointed his own followers. He has gladdened his opponents. Where his predecessor was trenchant and curt, the new leader has been vague. While the former resorted to sound reasoning, the new Conservative leader has discarded logic and delivered a speech replete with irrelevant puns and anecdotes. While the former could put the speech from the throne to a thorough analysis which sometimes led to sophistical conclusions cleverly clothed with a semblance of common sense, the latter has only touched lightly upon that piece of parliamentary oratory which is persistently referred to as the speech from the throne without extracting therefrom anything substantial.

Then the liberal leader replied. It was a triumph for him. Never within living memory had he attained those sublime heights, in such a spontaneous, moving and complete manner. Realizing his superiority over the man who had just failed in his task and summoning all the eloquence at his command, he dazzled the entire house. The leader of the opposition had reproached the liberal leader with being ignorant of the plight of the people and having never endured the suffering of the toiling and despairing masses. He had stung the lion to the quick. With sparkling eyes, with menacing gestures and in ringing tones, the liberal leader described with sobs in his voice the hardships of his forefathers, obscure heroes of pioneer days, valiant knights of the primitive exiles, who have inscribed on the portals of our country their heroic deeds. And when he spoke of his dear old mother, whom he so dearly loves, his indignation rang in thunderous words hurled at the conservative leader. He had avenged the honour of his name, he had avenged his party. He had wiped out the insult.

Under the guidance of such men, I have no reason to doubt, much less to betray. Rather is it my duty to implore the coming generation to follow in the luminous path beaten by them.

Let them not be guided by false gods and false doctrines. Has not past experience taught us that the Liberal party of Laurier and of King has always been the beacon indicating the true road? Has not the political liberalism that we uphold always been the real liberating doctrine? Does not history teach us—and how truly!—that each Liberal administration since 1867 has restored to Canadians a certain amount of happiness and prosperity by combating the evil effects of protectionist nationalism and tearing away piece by piece from the Tory oligarchy the remnants of Canadian liberties.

Mr. Speaker, I have no hesitation in supporting the resolution moved by the hon. member for Brandon (Mr. Matthews), which eloquently sets forth the record of a truly Canadian government led by men who have no other earthly ideal but to give the best of themselves to their country and to their fellow-men.

Mr. DENTON MASSEY (Greenwood): Mr. Speaker, I am happy to make my first words those of congratulation to both the mover and the seconder of the motion at present before the house. I am sure that we all listened to the speeches of the hon. member for Brandon (Mr. Matthews) and the hon. member for Stormont (Mr. Chevrier), appreciating not only their ability but their agility to speak so well when there is so little they could say. We all admired particularly the synchromesh ease with which the hon. member for Stormont changed from one language to the other. I am sure that all the congratulations that have been showered upon him this week have been absolutely sincere.

My second words are words of congratulation to my hon. leader (Mr. Manion). I offer congratulations to him not only upon his election to the leadership of the National Conservative party of Canada, but upon assuming his position as Leader of His Majesty's Loyal Opposition. We regard ourselves as being peculiarly fortunate in having a man of his calibre as our leader, whose

record as a Canadian is as distinct as it is distinguished. He has made a magnificent contribution to Canada both in time of war and in time of peace, and his presence in this house brings to it that which alone his own presence can bring.

I would congratulate him further upon his maiden speech as leader of the opposition. All of us who listened to him last Monday realized that his absence from the house for three years had served to sharpen rather than to dull the edge of his sword. We admired the forthrightness of his presentation. He did not dodge points by the recognized device of verbiage, but his presentation was forthright and to the point, and the acclaim that it received from Halifax to Victoria is one of which he must be duly proud.

My next words are in connection with an event to which we all in this country look forward. We are happy and proud that Their Majesties the King and Queen are to visit Canada this May. From coast to coast they will receive a welcome of spontaneous loyalty and devotion from those who live in this dominion. We are proud, yes, and happy, yes; and we anticipate that we may be able to demonstrate to their majesties that Canada as a dominion in the family of empire remains in the position where she has always been.

This evening, Mr. Speaker, I am fully conscious of the necessity of discussing some of the major problems that are confronting this dominion; but it is not my purpose tonight to ventilate my views and opinions on matters which have already been discussed at some length by those who have spoken before me. There is still plenty of time and opportunity before this session is completed for me to present what I feel to be the views of my constituents on all these vitally important matters.

To-night I wish to deal particularly with one matter which is of farther reaching importance than many are apt to consider, a matter which strikes at the very roots of the liberty which we enjoy in this country and for which our forefathers fought and bled. I do not wish to appear platitudinous; but let us remind ourselves that the liberty and freedom we enjoy includes the right of free speech, free assembly, free association, and free worship. For centuries these rights have been our priceless privileges. They have become basic in our scheme of things. By no possible stretch of the imagination can they be considered to be a policy of this or of any other government; for they are fundamental to our democracy, and any abridgement of these principles strikes a blow which is directed at the bedrock upon which our nation and our empire have been built. They are principles the practice of which is a privilege and the equal right of all free men, whether their means be mediocre or whether their means be great. They are principles that apply equally to all citizens.

As a citizen of Canada I respect those rights regardless of who exercises them. As one in public life I may protest with all the energy of which I am capable against what my opponent has to say; but I will protest equally against any curtailment of his right to say it. When we speak of free speech we are speaking of liberty, which is the inalienable right of all citizens of Canada and of Great Britain. It is only when that liberty is grossly abused to the extent of licence that any restrictions upon it should be tolerated at all.

I postulate, Mr. Speaker, that this is the principle which has motivated the action of successive governments in Canada from confederation down to the present day—the present day, when we are faced with the first example of the restriction of free speech, if not directed, at least condoned by this government in general and by the Prime Minister (Mr. Mackenzie King) in particular in his speech on Monday last.

The argument that I am about to present deals with this principle, and may that be noted. It has nothing whatsoever to do with any particular individual—let me make that clear beyond peradventure of a doubt.

The particular instance of which I am about to speak concerns a man who notoriously and rather recently has attacked me bitterly both in his paper and on the air. I have no axe to grind for Mr. George McCullagh, or his *Globe and Mail,* as I have already said it was just over a year ago that he launched his attack on me, and I in return attacked his policies and his newspaper with no small degree of fervour. Let it further be noted that I have no knowledge whatsoever of what Mr. McCullagh has in mind to say in his next four scheduled broadcasts, no more than I had any knowledge whatsoever of what he was going to say in his first broadcast.

Still further let me state that my criticisms are directed against no one individual; that I have the highest personal regard for those who are directly responsible for the present situation. May I say that my own personal dealings with the broadcasting corporation, its officers and government representative, have been of the happiest. Thus it is that I am virtually amazed at this recent turn of events. It has been my pleasure to have

many dealings with the broadcasting corporation, and my regard for its officers and its government representative has sprung from actual experience. In many ways I feel that the management of the broadcasting corporation are to be heartily congratulated upon their efforts to date; but the recent action on their part, which has received so much publicity not only throughout Canada but throughout the United States and Great Britain as well, cannot be allowed to go unchallenged by those of us who sit in this house.

Let me review briefly, Mr. Speaker, the events that took place between Mr. McCullagh and the Canadian Broadcasting Corporation during the last two weeks or so. On January 3 Mr. George McCullagh, publisher of the *Globe and Mail*, applied for the use of the national network of the Canadian Broadcasting Corporation in order to present to the public of Canada in a wider way than was possible through his newspaper the views of his paper concerning matters of public interest. He was to broadcast as publisher of the *Globe and Mail*, and not as an individual, the newspaper to use him as their air mouthpiece. Mr. McCullagh telephoned his request to Major Gladstone Murray, explaining to him the nature of the talks that were to be given, and stating his willingness and preparedness to submit his script in advance for approval. It was pointed out by Major Murray in a letter confirming the telephone conversation, that Mr. McCullagh's application could not be accepted, and it was suggested that he take part in the corporation's Sunday evening forum, which would require him to accept the subject allotted to him and to speak for fourteen minutes on one occasion. Mr. McCullagh wrote Major Murray on January 4 protesting and making his application anew. The following day Major Murray replied in a letter which quoted rulings recently approved by the board of governors, including this. I quote:

> No individual may purchase network broadcasts for his own opinions.

It is important to note that in this letter Major Murray also observed:

> These rulings which apply also to individual CBC stations but not individual privately owned stations, were the subject of most careful consideration.

Surely it is obvious from this statement in the general manager's own words—I am not using mine—that under the policy of the corporation time could be booked on privately owned stations for the broadcast of individual opinions. In accordance with this obvious conclusion, confirmed by Major Murray's letter of January 5, Mr. McCullagh proceeded to secure time on all the privately owned stations in Ontario, nineteen in number, I believe, for the period from five to five-thirty p.m. on Sunday afternoons for a series of five broadcasts to commence on January 15. On January 6, Mr. McCullagh received a further communication from Major Murray suggesting that he participate in a forum with Professor Taylor, of McMaster university, on the prosy subject, "Canadian trade—in what direction?" Mr. McCullagh replied to the effect that there were many problems which he wanted to discuss and that he did not wish to be limited and governed by an academic subject handed to him by any corporate body of the government. He further informed the corporation that he intended to broadcast over the available privately owned stations in Ontario,—which was, of course, as I have noted, in accordance with Major Murray's letter of January 5. On January 12, Major Murray again wrote Mr. McCullagh, and from that letter I quote the following paragraph:

> While the whole matter of private stations network is under review the board of governors has instructed that no permission for new commitments on non-basic networks shall be granted until at least the board has received the representations of private stations at the next board meeting which is expected to take place about the middle of March.

Let it be noted that as late as Thursday, January 12, three days before his first scheduled broadcast, Mr. McCullagh was denied the use of the privately owned Ontario stations on a non-basic network. Here, I postulate, was a new ruling on the part of the board of governors of the broadcasting corporation, and it is frankly so admitted in Major Murray's letter, for he says that this matter will not be under review until the middle of March.

I state here that no such occurrence has taken place before in the history of Canadian broadcasting and accordingly it appears clear that for some reason discrimination has been shown against Mr. McCullagh. That is the only possible interpretation of the action taken.

Feeling that a gross injustice had been done to him, Mr. McCullagh found a means of circumventing the restriction of freedom of speech by the corporation, and placed his speech upon wax and distributed the discs to the privately owned stations that were not permitted to be tied up in a non-basic network, while he himself conducted a live broadcast from the single station CFRB. I listened with particular care last Sunday afternoon to Mr. McCullagh's remarks. I have before me a verbatim copy of those remarks. The address was, I suggest, of

definite and great interest to the people of Canada. It attacked no one in particular, but it challenged the people of Canada to attain to better government through determined action. His efforts were obviously directed to arouse the electorate to build up responsible government and demand courageous leadership. Whereas he was not very complimentary to any one of us in this house, no one can say that his speech was either damaging or destructive, but on the contrary it was constructive and will without doubt do good.

This statement, may I again remind hon. members, is coming from one who is a prejudiced witness in regard to Mr. McCullagh, for the last time when Mr. McCullagh was on the air, a year ago, he vigorously attacked me personally. No matter what Mr. McCullagh said; no matter who Mr. McCullagh is; no matter what Mr. McCullagh represents, I repeat that the broadcasting corporation has assumed and taken unto itself rights never in the world given to it under the Canadian Broadcasting Act of 1936. When I make that statement I know whereof I speak. As the Prime Minister reminded me when I took the liberty of interrupting him when he was speaking on Monday evening, I was on the committee which submitted the report from which the bill was drawn, and that report passed the committee unanimously. But I certainly had no thought in my mind that such an action would be taken based on the legislation drafted from the report of that committee.

I think we have covered certain phases of this subject, perhaps a bit hurriedly and perhaps not completely; but I do feel, and feel very definitely, that an injustice has been done Mr. McCullagh, and therefore I hesitate not at all to bring this matter to the attention of the house.

I should like to say further that not so very long ago—I believe it was under date of January 14—the Minister of Transport (Mr. Howe) was interviewed by that very able correspondent in Ottawa of the Toronto *Daily Star,* Mr. Robert Lipsett. I have in my hand the *Star* of January 14, in which there is a report of the interview with the minister. May I summarize what the minister had to say to Mr. Lipsett:

1. . . . Nor was the application of existing regulations in his, Mr. McCullagh's, case any different from what it was in at least twenty previous instances.

2. It is a fundamental principle applied everywhere where there is network broadcasting that no individual may purchase time on any network to broadcast his own opinions.

3. A privilege granted to Mr. McCullagh could not be withheld from others, nor could a privilege denied others be granted to Mr. McCullagh.

4. The government had nothing to do with the decision on Mr. McCullagh's application. "I did not learn of it until I received a copy of the correspondence from Major Murray."

In the first instance, the minister states that this case is no different from at least twenty previous instances. He cited one case in particular, that of a broadcast which was to be delivered by Sir Edward Beatty, permission for which was refused. I regret to say for the minister's sake that Sir Edward Beatty saw fit to deny this statement and stated that he knew of no such instance in his own experience; and it is rather unfortunate that the minister selected that case. Sir Edward further reminded his interviewer that on several occasions he had broadcast addresses coast to coast over CBC stations. I urge the minister, if he cares to reply to this speech, to give to the house his other nineteen "instances."

The Minister of Transport also stated that wherever there is network broadcasting no individual can purchase time on any network to broadcast his own opinions. Well, of course that statement is absurd, absurd because it is untrue. Such regulations may exist; but the minister knows this, that, if so, they certainly have not been carried out in Canada and the United States. Time and time again in both countries this has been the case. Let me quote section 326 of the United States radio law of 1934, which is in effect to-day:

> Nothing in this act shall be understood or construed to give the federal commission the power of censorship over the radio communications or signals transmitted by any radio station, or no regulation shall be promulgated or fixed by the commission which shall interfere with the right of free speech by means of radio communication.

Contrast the Canadian point of view that we have had manifest in the last few days with that held by the United States. It was a matter of interest to the Toronto *Daily Star,* and accordingly they had a reporter in New York city make several calls on the broadcasting station headquarters. In reporting the interview, the reporter, on January 16, asked a question of the heads of one of the broadcasting companies:

> "Suppose the publisher of the New York *Herald Tribune* wanted to buy time, would you sell it?"
>
> "I doubt very much we'd sell it," said Mr. Babb of NBC, "but we'd give it."

They would be willing to have a responsible individual broadcast, so far willing as to give him the time. The minister has only to look

across the border to the United States to find there the example of Rev. Father Coughlin who, every Sunday afternoon, broadcasts from the Shrine of the Little Flower his personal views which are aired over a network of forty-six United States stations and for which he pays. I have in my hand a copy of a statement that appeared on the front page of the *Globe and Mail* on Monday last in which he said he broadcasts over a network of forty-six stations. Father Coughlin further says in part:

"I would not care to comment on the situation you have outlined to me," he told a reporter, "but if Mr. McCullagh should ever find himself unable to reach a broad enough audience through Canadian stations he will be welcome to use this chain at any time."

To compare the policy of the British Broadcasting Corporation with the policy of the Canadian Broadcasting Corporation in this regard is also absurd. The question of the airing of opinion cannot possibly arise in Great Britain because the British Broadcasting Corporation is simply not in commercial business, sells no time. It is not on a commercial basis but is self-supporting, and therefore a situation such as has arisen here could not possibly arise there.

Let us come back to Canada. I give the minister the example of Colonel George Drew who as recently as last November repeatedly aired his opinions to the province of Ontario through an Ontario network. At that time Colonel Drew was merely a private citizen, an individual holding no office whatsoever in any political party. Now, the most amazing example of all, which shows, I think, that there must have been some discrimination against Mr. McCullagh, more clearly than any that could be given. He had been sold a network before. He was sold a network in October, 1937, and he broadcast over a number of Ontario stations! He was just as much an individual then as he is now. Why should he be able to broadcast in 1937 at the height of an election campaign, if he cannot broadcast now? Can it possibly be that in 1937, in his broadcasts, he was obviously going to support the Liberal party in Ontario, whereas in 1939 it was presumed by many that he would attack the present Liberal government at Ottawa?

Let us recall the statement made by the Prime Minister in the course of his remarks on Monday. He used this language, which will be found at page 12 of *Hansard*:

I simply wish to say that the government has had nothing whatever to do with refusing any application that has been made to the Canadian Broadcasting Corporation. Neither the government nor any member of the government had any knowledge that an application had been made to the Canadian Broadcasting Corporation by the publisher of one of Toronto's leading newspapers, nor had any member of the government any knowledge that such an application had been refused.

As hon. members know, the business of controlling and regulating radio broadcasting has been placed by this parliament under the Canadian Broadcasting Corporation, which is an autonomous public body and with which the government does not interfere and has no desire to interfere.

Does the Prime Minister mean to tell the people of Canada that the Canadian Broadcasting Corporation has not only the power to execute a policy but, further, the right to establish a principle which affects the basic foundation upon which this country has been built, a principle which touches the very quick centre of our national life? Has any department of this government the power to restrict the time-honoured rights of the individual—free speech, free assembly, free association, free worship, or anything else to which the individual is entitled? Is any department, commission, corporation or company, responsible to the government of Canada, and owned by the Canadian people, free to upset established principles without any question on the part of the government? Yet that is exactly what has happened.

The action of the Canadian Broadcasting Corporation is extraordinary from many points of view. Do hon. members realize that the decision taken in regard to the McCullagh matter by the Canadian Broadcasting Corporation denies to the individual a privilege that is enjoyed by our political parties in Canada? If Mr. McCullagh claimed membership in a party instead of professing independence, as he does, he could without any question obtain time on a coast-to-coast network of the Canadian Broadcasting Corporation. But as he is an individual he is denied that right, a right which would be his were he a party man. What skinny justice is here? Let those who state that just because he has a wealthy organization behind him Mr. McCullagh should be denied the privilege of broadcasting his opinion, consider the accepted practice of the various broadcasting companies including the Canadian Broadcasting Corporation. The Canadian Broadcasting Corporation every Sunday evening carries the Ford hour, which brings to the listeners of Canada the delightful music of the Detroit symphony orchestra.

Mr. HOWE: Will the hon. gentleman permit a question?

Mr. MASSEY: Surely.

Mr. HOWE: Quite inadvertently, he is not correct. The Canadian Broadcasting Corporation has never carried the Ford hour.

Mr. MASSEY: I was thinking of Charlie McCarthy, but I saw the minister and I forgot Charlie. I meant to say that over a network in Canada the Ford hour is carried on Sunday evening. This program goes over a network in Canada.

Mr. HOWE: I am sure my hon. friend wants to be accurate, but that statement is not correct. There are one or two stations in Canada that are connected with the Columbia Broadcasting Corporation, perhaps two, and they carry the Ford hour, but it is not a Canadian network in that these stations are not connected in Canada.

Mr. MASSEY: The Ford hour has not been changed in Canada through this act.

Mr. HOWE: Not to my knowledge.

Mr. MASSEY: It is presented to listeners in Canada over single stations or a network, and this program is on the air for one purpose only, as the minister knows, and that is to sugar-coat the pill of Mr. Cameron's own opinions. We have fifty-five minutes of orchestral and vocal or instrumental music, and Mr. Cameron's speech, in which he airs his personal opinions. This is a case where one of the most mightily wealthy corporations on the continent is permitted to buy time without question on Canadian stations for the purpose of airing opinions.

Mr. SPEAKER: It is eleven o'clock.

Mr. LAPOINTE (Quebec East): Move the adjournment of the debate.

Mr. MASSEY: I shall be through if I may be allowed to speak five minutes longer.

Some hon. MEMBERS: Go on.

Mr. MASSEY: Thank you, your honour, for the courtesy. The purpose of the broadcast in question, the Ford hour, is to air vigorous political opinions.

Again, a short time ago, one of the wealthiest corporations in Canada, General Motors of Canada, Limited, purchased time on a coast-to-coast network of the Canadian Broadcasting Corporation. For what purpose? To permit the airing of Mr. Beverley Baxter's personal views concerning the government and the foreign policy of the United Kingdom. That was the program.

Let us go even farther. I postulate to the right hon. the Prime Minister (Mr. Mackenzie King), who so tactfully disclaims any responsibility for the Canadian Broadcasting Corporation, saying that the administration of policy is entirely in the hands of the corporation, that this powerful organization, maintained by a nuisance tax on the public, is being used for political purposes and for furthering the interests of those who sit on the treasury benches. At regular intervals this autumn radio addresses have been made by various ministers of the crown, and made at the public expense; and in my opinion these addresses in great part have been little more than cunningly-designed political speeches, in an attempt to show the country, in spite of what the public may think, that these ministers after all are really capable men. I have endeavoured to obtain copies of these speeches to make quotations from them in order to justify the point I have just made, that they are political in character. Unfortunately, according to my information, the printed word will not be available for another fortnight.

In his speech on Monday night, however, the Prime Minister himself admitted that he could use the radio when he wished to do so. Let us listen to his words, as they appear at page 66 of *Hansard*:

> —the Prime Minister of Canada cannot be going back and forth across the country making political speeches and making personal appearances before local audiences. He has this House of Commons to speak in. What better forum is there in the world? He has the radio to speak over. Is it not much better to give a few nation-wide addresses in carefully chosen words—

Then I am afraid the right hon. gentleman did not become very complimentary, but I am sure he was facetious.

> —than to be given the kind of oration to which we have listened this afternoon and to-night?

Then too, at the public expense there comes blasting into our homes a forum conducted by various individuals, college professors and other men. I have listened to many of these forums. Some of them have been passably good; others have been ridiculous, and some have been fatuous. Still others have been destructive, irritably and irrationally anti-empire, isolationistic and bound to do harm rather than good in these days when Canadian unity is being so severely tried.

As I come to the conclusion of my remarks, Mr. Speaker, let me again impress upon hon. members that my purpose in taking up the time of the house this evening on this matter has nothing whatsoever to do with Mr. McCullagh as an individual, or his *Globe and Mail* as a newspaper. I am not concerned with what Mr. McCullagh has to say or what he thinks; but I am concerned, as I think every member of this house should be, when we lodge power in any one man or any small group of men to pass on one of the basic principles upon which this country has been established. And I am further concerned when one of the ministers of the crown, to

whom this body is responsible, washes his hands of the matter and says, "This has nothing to do with me. It is a question of policy for the corporation." I am also concerned when the Prime Minister of Canada himself, who has made such eloquent speeches on constitutional rights and constitutional authority, disclaims any responsibility for the action of a body appointed by his government which abridges these rights, and makes the amazing statement in this house that he is prepared to back up that action. Let me quote from page 14 of *Hansard*:

> Mr. Woodsworth: May we not have the assurance of the Prime Minister that the government will stand behind the Canadian Broadcasting Corporation in this matter?
> Mr. Mackenzie King: I think so, yes.

That is a typical answer from the Prime Minister.

Just because a man may be possessed of a substantial quantity of this world's goods is no reason why his rights should be abridged or his voice unheard. Surely those who discredit this point of view are inconsistent when under the dictates of their worthy desire for justice they champion the right of free speech for him who is not so well to do—and all power to them in their effort—but why in the name of justice should they wish to restrict the right of him who happens to be well to do? I am firmly of the opinion that free speech is the right of any man, be he well to do or possessed of the most modest means. It amounts to this: Either we have free speech in Canada or we have not. Either we have free assembly or we have not. Either we have a free press or we have not. Either we have free association or we have not. Either we have free worship or we have not.

May it be remembered that there was a committee which submitted a report from which the present broadcasting act was drafted. I sat on that committee, and I know what was the purpose in the minds of those who approved that report. I postulate that the present action of the corporation goes far beyond the intent of that act, as admitted by the general manager of the corporation himself when he said that to settle this matter there would be a meeting of the board of governors in March. The corporation was to administer policy, yes; to administer policy independent of but subject to review by the Minister of Transport, yes; but to establish principle? No; a thousand times no!

Mr. HOWE: Would my hon. friend permit a question? He is very familiar with the broadcasting act. Can he quote any paragraph of that act which gives the Minister of Transport or the government power to interfere with a decision of the board of governors of the corporation?

Mr. MASSEY: Would the minister state for a single, solitary moment that if any civil servant attempted to abridge any basic national principle, he, the minister, would simply say, "That has no bearing on me at all. That is his job"?

An hon. MEMBER: It is not the same thing.

Mr. MASSEY: It is exactly the same; of course it is.

Mr. HOWE: May I point out that no member of the Canadian Broadcasting Corporation is a civil servant. They are employees of the corporation.

Mr. MASSEY: All right. Would the minister sit quietly in his place if some action were taken by an officer of the Canadian National Railways that grossly contravened established business practice; and, under questioning from this side of the house, would he rise in his place and say he could do nothing about it? He would not, and I have heard him do otherwise.

Mr. HOWE: I make that statement twenty times every session—and there is that word "twenty" again.

Mr. MASSEY: I think the minister picks that word "twenty" out of the hat rather glibly. When he makes his speech I am going to count carefully how many other "Sir Edward Beatty's" he has in it. I will guess nineteen.

I was relieved when the Prime Minister, speaking in this house last Monday, stated that a committee would be set up this session to review the activities of the broadcasting corporation. I need not take time to quote his words, but the remarks of the Prime Minister in that connection may be found at page 55 of *Hansard*. So much to the good, but let me urge the Prime Minister, and in his absence the Minister of Transport, that in setting up this new committee they keep clear of such terms of reference as were given the committee that sat last year, which terms were so cramped and restricted that, as the result of their interpretation by the chairman of the committee, no witnesses other than officers of the corporation could be called. In protest against this decision two members of that committee withdrew and sat no more.

Mr. McNEVIN: The two members referred to, withdrew for political purposes.

Mr. MASSEY: What is that? Who is speaking?

Mr. McNEVIN: I said it was very likely for political purposes.

Mr. MASSEY: I think it was exactly for political purposes; that is exactly why witnesses were not called, and I thank the hon. member for Victoria, Ontario, for putting the words in my mouth. So I say, let the terms of reference to the committee this year be sufficiently broad that any witnesses desired, whether or not they be attached to the corporation, may be called. As a test case let Mr. McCullagh appear before that committee and state his position, along with the officers of the corporation, so that the committee may weigh this matter and determine to their own satisfaction whether there has been any discrimination against Mr. McCullagh. Public opinion has been aroused, particularly in certain sections of the country, by this high-handed action on the part of the corporation, and that public opinion demands satisfaction at once.

Mr. LAPOINTE (Quebec East): Might I suggest to my hon. friend that he move the adjournment of the debate? We are already ten minutes past the time for adjournment.

Mr. MASSEY: I am glad to move the adjournment of the debate.

Mr. SPEAKER: The hon. member has exhausted his time, so he should not move the adjournment of the debate.

Mr. MASSEY: I move the adjournment of the debate.

Mr. SPEAKER: The hon. member has exhausted his time.

Mr. MASSEY: I think I moved the adjournment of the debate before you, Mr. Speaker, informed me of that.

Mr. LAPOINTE (Quebec East): My hon. friend cannot move the adjournment of a debate in which he is no longer able to take part.

Mr. MASSEY: I cannot quite see that. I had one further statement to make, and I would have been glad to make that statement, but the right hon. Minister of Justice (Mr. Lapointe) asked me not to make it to-night but to move the adjournment of the debate, which I did. Now I find myself faced with the ruling that I am through. If I had asked for one moment more I am sure the right hon. gentleman with his great courtesy, which I and all members of this house recognize, would have assented readily.

Mr. LAPOINTE (Quebec East): If my hon. friend has only one or two more sentences, all right; but it is ten minutes after eleven, and I think many hon. members would like to see the house adjourn.

Mr. MASSEY: To oblige the Minister of Justice I said I would be glad to move the adjournment of the debate; otherwise I ask for the privilege of making my closing statement.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: I understand that when the Minister of Justice suggested that the hon. member might adjourn the debate, the right hon. gentleman was of the opinion that the hon. member had a few minutes left to speak. I find from the clerk of the house that the hon. member for Greenwood (Mr. Massey), when he said he would move the adjournment of the debate, had exhausted his time to speak.

Mr. LAPOINTE (Quebec East): Go ahead, if it is going to be short.

Mr. MANION: Mr. Speaker, if there could be unanimous consent of the house, and if the Minister of Justice (Mr. Lapointe) pleases, the hon. member would require only a few more minutes.

Mr. SPEAKER: Well, if it is only a few minutes more—

Mr. MASSEY: Before I take my seat, let me point out that the matters which have been dealt with in the speech from the throne, and with which I purpose to deal from time to time during the session, are matters to which I am by no means insensible this evening. Let it not be said I have neglected them; for I shall deal with them, as I stated in opening, from time to time during this session. Let me now merely state, Mr. Speaker, that I am supporting whole-heartedly the amendment moved by my leader to the motion that is before this house. I shall not support the amendment to the amendment, which is designed cleverly and adroitly by the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth), who moved it.

I oppose monopolistic control and exploitation just as heartily as any member of this house, and despise it in principle and in result, but I shall vote against the amendment to the amendment for the obvious reason that a vote for it, as it is worded, would be a vote in favour of socialism in Canada, and that I do not support.

I thank your honour, hon. members in general, and my hon. friend the right hon.

Minister of Justice in particular, for the courtesy extended to me in allowing me to complete my speech at this hour.

On motion of Mr. Howe the debate was adjourned.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 11.15 p.m.

Friday, January 20, 1939

The house met at three o'clock.

RADIO BROADCASTING

EMPLOYMENT OF WAR VETERANS AS CANVASSERS FOR RADIO LICENCES

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I should like to ask a question of the Minister of Transport (Mr. Howe) arising out of a Canadian press dispatch dated at Ottawa, January 17, as follows:

Employment of war veterans, where available, as convassers for radio licences will be made mandatory as from April 1.

Where and by whom will these appointments be made?

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, the appointments will, as in the past, be made by the Minister of Transport.

BUSINESS OF THE HOUSE

ADJOURNMENT AT SIX O'CLOCK ON FRIDAY OF FIRST FULL WEEK OF SESSION

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, before the orders of the day are called I should like to ask a question of the Prime Minister (Mr. Mackenzie King). I am informed it has been the custom during most of the last few sessions to adjourn at six o'clock on the Friday of the first full week. It would appear that some hon. members on this side of the house have taken it for granted that that custom will be followed and, for that reason, have made other arrangements. I might add that while I am not insisting upon it, the party I lead would be pleased if the house did adjourn to-day at six. We have sat three evenings this week, and I think that is not bad for the opening week of the session.

Right Hon. W. L. MACKENZIE KING (Prime Minister): What the leader of the opposition (Mr. Manion) has said with respect to adjournment in the last three or four years is quite correct. The house has adjourned at six o'clock on the Friday evening which closes the first full week of the session, not because of any rule, but simply because it seemed to be the general desire of hon. members. I understand there is the same desire this year on all sides of the house, and I shall be pleased to see that adjournment is moved at six o'clock.

PROCEDURE RESPECTING CANADA-UNITED STATES TRADE AGREEMENT

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to reply to a question asked last night by the leader of the opposition (Mr. Manion) respecting the procedure the government intended to adopt with respect to the trade agreement, once the resolution on the order paper is passed.

In a word the procedure will be the same as that followed at the time of consideration of the 1936 agreement. The Minister of Finance (Mr. Dunning) will move the house into committee of ways and means so that the agreement in detail, and particularly the schedules attached thereto, may be considered by that committee. This motion is required under standing order 60 of the House of Commons. When the committee has reported to the house and the report has been approved, a bill will be introduced, based on the resolution reported from committee of ways and means, giving the force of law to the new trade agreement and repealing the existing one, namely the Canada-United States Agreement Act of 1936. The bill will of course have to pass through all its stages, including committee of the whole.

Mr. MANION: In other words as soon as the resolution is passed that will be the procedure?

Mr. MACKENZIE KING: Yes. May I point out that I am answering the question of the leader of the opposition as it was asked last night, because it related only to the procedure to be followed after the adoption of the resolution. I wish to make it quite clear that the resolution will be debated fully before any reference is made to the committee of ways and means.

Mr. MANION: I asked only because some little discussion had arisen. I inquired from the clerk and he explained it to me very much as did the right hon. gentleman. At the same time I was not quite certain of the procedure, as there was some dispute about it.

UNEMPLOYMENT

ARREST OF SINGLE UNEMPLOYED MEN IN TORONTO

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I have a matter to bring to the attention of the Minister of Labour (Mr. Rogers). I shall not make comments, but shall be content to read a letter which has come to my hand. This letter, of which I shall send him a copy, is from Mr. Kenneth Woodsworth, secretary of the Canadian Youth Congress. It was received by me only a few moments ago, but it seemed so urgent, as the last paragraph will show, that I feel it necessary to bring it to the attention of the minister immediately. It is as follows:

> It has been brought to our attention that some sixty-nine single transient unemployed men are now in gaol in Toronto, having been arrested for begging on the streets.
>
> These men in Toronto are, for the most part, under the age of twenty-five; they have formed themselves into an association and have even been able to rent a house to support about sixty of their number. However, they have no means of subsistence and have been driven to begging in order to live. Now they are in danger of being made into criminals.
>
> We have had occasion formerly to make representation to the Minister of Labour on the need for immediate public works projects to provide employment for Canada's unemployed youth. The present situation re-emphasizes the great urgency for action.
>
> In the immediate situation, we would ask your support and your influence in having these unfortunate young men released without sentence. We would further urge that they be given relief, until such time as they are provided with the means of livelihood.
>
> They are to be brought before the court on Saturday morning, so we ask your prompt attention.

I take it that they are to appear in court to-morrow morning. In view of this very serious, even tragic, affair, will the Minister of Labour take it into consideration with a view to seeing if there is not some way in which he and his department can help?

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, information reached me this morning to the effect that a number of single unemployed men have been arrested in the city of Toronto, presumably for a violation of a city by-law. My understanding is that the questions arising out of these arrests are being discussed at the present time by representatives of the city of Toronto and the provincial government. In the nature of things, this and other matters relating to unemployment will receive the careful consideration of the dominion Department of Labour.

RADIO BROADCASTING

ADDRESS OF MANAGING DIRECTOR OF LONDON LIFE OVER NATIONAL NETWORK

On the orders of the day:

Mr. DENTON MASSEY (Greenwood): Mr. Speaker, I should like to direct a question to the Minister of Transport (Mr. Howe). Last evening at 7.15 over station CFRB, on a trans-Canada network of twenty-nine stations, Mr. Edward Reid, managing director of the London Life Insurance Company, broadcast an address which was advertised as:

> A message to the general public, which will be of particular interest to the owners of the 700,000 policies issued by this company.

Would the minister be good enough to explain to this house why, if Mr. George McCullagh, publisher of the *Globe and Mail,* was banned from the use of a network to broadcast a message to the general public and the readers of the *Globe and Mail,* Mr. Reid was granted the use of a network to broadcast a message to the general public and his policyholders?

Hon. C. D. HOWE (Minister of Transport): The hon. member for Greenwood (Mr. Massey) gave me notice of this question, which I received only a few moments ago. A question of this kind must of course be answered by the Canadian Broadcasting Corporation, and I shall be glad to ask them to forward an answer. However, I would point out that a question which is to be directed to an autonomous board should be placed on the order paper so that it may go to the proper headquarters in the usual way.

Mr. MASSEY: I only asked the question now because I thought the minister might want to deal with it in his speech.

TARIFF BOARD

INQUIRY AFFECTING RADIO INDUSTRY—REPORT ON RADIO TUBES

On the orders of the day:

Hon. CHARLES A. DUNNING (Minister of Finance): Yesterday the hon. member for Calgary East (Mr. Landeryou) asked me a question on the orders of the day regarding the likelihood of receiving the report in connection with the investigation into radio tubes. I have made inquiry regarding the matter and while I cannot say precisely when the report will be received, it certainly will be during the course of the present session.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Thursday, January 19, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, much has been said in well-earned commendation of the Speech from the Throne, and of the speeches of the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply. I shall therefore proceed immediately as spokesman in parliament for the Canadian Broadcasting Corporation to discuss the subject of a controversy that has appeared in current publications and has been discussed in this house. I shall attempt to dissipate some of the heat that has been generated and focus some additional light on the subject matter of that controversy.

The question under discussion is whether recent regulations of the Canadian Broadcasting Corporation were wisely made and have been wisely administered. This issue has been beclouded by a number of side issues, such as the doings and sayings of George McCullagh, the doings and sayings of the Minister of Transport, the right of free speech, the freedom of the press, all the fundamental principles of democracy, and various alleged plots by the government for one purpose or another. Before discussing my subject matter I shall try to clear up one or two of these side issues.

First let us discuss what Mr. McCullagh did, as disclosed in the correspondence recently tabled in this house. Mr. McCullagh applied to the Canadian Broadcasting Corporation to purchase time on a national network to broadcast a series of five addresses. The general manager of the broadcasting corporation replied to Mr. McCullagh that he welcomed to the network men of his type who wished to engage in a discussion of problems of the day. He explained to Mr. McCullagh that the regulations of the board made it impossible for the network to sell network time for the purpose desired by Mr. McCullagh. Mr. Murray invited Mr. McCullagh, as an alternative, to accept free time on one of the regular forums of the broadcasting corporation. Mr. McCullagh replied that the fourteen minutes suggested by Mr. Murray were not sufficient for his purpose.

Mr. McCullagh then seized upon what he thought was an alternative offered in the letter written to him by Mr. Murray, that he could acquire time on a number of privately-owned stations in Ontario and Quebec and speak over them as a network. Mr. McCullagh said that rather than be restricted in his time he would prefer the alternative which he thought he had discovered in the letter from Mr. Murray. It has been suggested in this house that the correspondence indicated that a subject would be assigned to Mr. McCullagh. A reading of the correspondence makes it quite clear that Mr. Murray told Mr. McCullagh that a suitable topic could be arranged between them. I think that possibly Mr. McCullagh was too anxious to take the other alternative. I think that if he had pressed Mr. Murray for more time in which to cover the subject he wished to discuss, the forum program could have been arranged accordingly, but in any event a certain time was offered to him on the network free.

The first letter from Mr. Murray to Mr. McCullagh indicated that the regulation which prevented the sale of time on the national network did not apply to individual privately-owned stations, and Mr. McCullagh possibly had some reason for reaching the conclusion that there would be no objection to buying time on some eighteen of these stations and proceeding to speak over a private network. However, when the necessary application was made to the board, the board decided that the regulation applying to the larger network must apply also to the smaller, and that while Mr. McCullagh was quite free to use individual stations, he was not free to connect the stations up with a wire network, network broadcasting being entirely a function of the Canadian Broadcasting Corporation, under the Radio Broadcasting Act, and subject to the regulations of the board.

Mr. McCullagh at that time had advanced his arrangements to the point where he decided to go ahead by a means that was obviously open to him, that is, making recordings of his address for delivery over eighteen stations, and making his personal address over the nineteenth.

Then Mr. McCullagh came into print. It was obvious that the sequence of events had made him exceedingly angry. I must admit that having studied the correspondence and listened to the discussions here, I would be the last to criticize Mr. McCullagh for feeling angry about the situation, but possibly he would now agree with me that it is not wise to write editorials or make public addresses while still in an angry mood. That, however, is a matter we need not go into here.

Much has been published about the doings and sayings of the Minister of Transport, and I wish to discuss that for just a moment. On

the afternoon of Christmas day the Minister of Transport left Canada for a two weeks' holiday, the first, I might say, that he has had of that length in twelve months. He returned to Ottawa on January 8. During the progress of all the negotiations and discussions and correspondence the Minister of Transport was on a cruise ship in the gulf stream, his mind completely at ease. He heard nothing about this correspondence until some three days later after his return, when it was sent to him from the broadcasting corporation, with a brief covering letter which said that this correspondence was being sent as it was thought by the general manager that the matter might become contentious. I give the general manager full marks for his prediction in that regard.

The next I heard about the matter was when I was sitting in the house listening to an address by the Prime Minister. One of the new pages came to me and said that I was wanted outside in the corridor. I asked who wanted me, and he said he thought it was my secretary. I told him I could not go just then, but in a minute or two the page came back and said that whoever it was outside must see me. I went out and found that it was a reporter of the *Globe and Mail*. It was my turn to become a little annoyed, and I gave an interview of about one minute's duration, which has probably received more space than any previous one minute's interview ever received. The next day I was interviewed by a reporter from the Toronto *Star*, and this time I was better fortified. I passed over to him the letter from Mr. Murray which, I said, explained the whole situation, and his interview was based on the contents of that letter.

Those, Mr. Speaker, are the doings of the Minister of Transport throughout this transaction. Just why I should be held up as one of great wealth, one who can spend ten thousand dollars without a thought for a few hours' broadcasting, never travelling except in a fifty thousand dollar plane or in a private car, I cannot imagine. However, I suppose that is of no great importance.

Mr. MANION: Will the minister tell me where I can read that?—because I have never seen it.

Mr. HOWE: It is in one of the *Globe* editorials. I may say to those who are not quite as familiar with my situation as is the leader of the opposition that the story about my great wealth is not in any way true.

Mr. MANION: I am not so sure of that.

Mr. HOWE: Strange sidelights have been thrown into the controversy. I shall not go into those interjected by the press, but I might discuss some of those which appeared in the discussions in the house.

The leader of the opposition (Mr. Manion), in discussing this matter, referred to freedom of speech, the freedom of the press, the iron heel of the Prussian—

Mr. MANION: I did not mention that. That was not mine.

Mr. HOWE: I am sorry; it was mentioned by someone. And it was suggested that there were schemes by the Liberal party to prevent a speech being broadcast that might be damaging to the party.

The hon. member for Danforth (Mr. Harris) discussed this question, and somehow or other he got it involved with the question of radio licence fees. I was not quite able to follow him in his remarks. Last evening we had an address by the hon. member for Greenwood (Mr. Massey), who also mentioned freedom of speech, freedom of the press, freedom of assembly, freedom of religion, and an attempt to prevent someone making a speech damaging to this party. Even the right hon. member for Calgary West (Mr. Bennett) came out of his retirement, and issued a long and stirring manifesto in defence of free speech priced at $3,000 per hour over the air. I read that with great interest because I can just picture the bright galaxy of those who are able to indulge their passion for free speech at that rate.

But perhaps I can deal with these questions later. I come now to the root of the matter. I think it might be well to put on *Hansard* the regulations which caused all this furore. I will read them just as they were passed by the governors of the Canadian Broadcasting Corporation at their last meeting in Ottawa held, I think, on December 8 last:

> Rulings recently approved by the board of governors regarding the sponsorship of non-party controversial broadcasts are as follows:
>
> "(1) No individual may purchase any network to broadcast his own opinions;
>
> (2) No profit-making corporation may purchase any network to broadcast opinions;
>
> (3) Properly constituted societies may purchase network time subject to the following conditions: (a) that the society accepts responsibility for the broadcast, indemnifying the CBC against the possible consequences of libel or slander; (b) that each broadcast is prefaced and concluded by an appropriate announcement making clear the nature and auspices of the broadcast and indicating that equivalent facilities are available to opposing views on the same basis; (c) that there is no interference with normal CBC program arrangements; (d) that the broadcast is of sufficient popular appeal and interest to justify its

inclusion; (e) that the broadcast is within the wording and spirit of our regulations and not in violation of any law."

These rulings apply also to individual CBC stations but not to individual privately-owned stations.

I might say a word in explanation of the last. Canada, as is known, follows in its entirety neither the British nor the United States system, but has really more or less a combination of the two. It has its own facilities, and operating alongside of it are certain privately owned facilities.

Mr. CAHAN: May I ask, were these regulations, which have just been read, duly published so that the public became acquainted with their terms and tenor?

Mr. HOWE: I cannot say as to that. I have made no inquiry. However, they are not new. They are a slight modification, perhaps, of existing regulations. I will deal with that later. But in regard to the private station, we think it has an important place in Canadian broadcasting, in serving the needs of a single community; therefore no very strict regulations are applied to individual privately owned stations. I am not speaking of these stations as a network, but simply as individual stations. They are for the expression of local opinion, and that same local opinion is an excellent regulator of what is proper and not proper for each individual station.

I might remind hon. gentlemen that the Canadian Broadcasting Corporation is an autonomous body, set up by this parliament under the Broadcasting Act of 1936, which superseded the Broadcasting Act of 1932 sponsored by hon. gentlemen opposite. In drafting that act and in its course through a committee of the house every effort was made to divorce the corporation from political interference, or, in fact, any direction from the government of the day. Many hon. members now sitting in this house were on that committee and can bear witness to the truth of what I say. It was left to the goverment to do only a few things: first, to appoint the nine men who are governors of the Canadian Broadcasting Corporation; second, to approve or disapprove the appointments made by that board of the manager and the assistant general manager; third, to approve the by-laws of the corporation.

Mr. CAHAN: Or disapprove as well.

Mr. HOWE: Approve or disapprove—yes. And the only way in which the Minister of Transport or any other minister has any relations with that board is that the Broadcasting Act designates the Minister of Transport as the channel through which the board shall communicate with the government and with parliament. There is no possible way in which under that act the government of the day can interfere with any decision of the broadcasting corporation. This government has never interfered with any action taken by the board. Personally I have often disagreed with action taken by the board, nevertheless the action taken has been that decided upon by the board. If I had felt disposed to interfere I would have reasoned that after all the considered opinion of nine men of the type that make up that board is much better than my own opinion, if for no other reason than that they are giving a great deal of time to studying the relevant circumstances, whereas I am not.

Hon. gentlemen recall that at the last session the Prime Minister (Mr. Mackenzie King) joined on one occasion with certain hon. members sitting opposite in voicing disapproval of a certain commentator and the subject matter of his comments on foreign news. I think there was general agreement in the house that these comments were not in the public interest, but in spite of what was said here that same commentator continued for many weeks afterwards to make much the same type of comment as that to which objection had been taken in this house.

Mr. CAHAN: And he received pay from the treasury for so doing.

Mr. HOWE: I was outraged at the time. I simply mention it to show that we have a board operating the Canadian Broadcasting Corporation which is not disposed to take instructions from the government. I have never had anything to do with the appointment of any member of the staff of the broadcasting corporation, and I believe that every other member of the government can say the same. Similarly, I have never had anything to do with selection of any program or feature which has been broadcast by the corporation; and again, I think the government can say the same. I can say more, that if such a request had been made, I know the board well enough to be sure that the board would have probably leaned backward in refusing it, whether it could properly be refused or not.

That is the position with respect to the broadcasting corporation. May I also point out that the funds with which the broadcasting corporation operates are not voted by this parliament; they are collected from the listeners to the programs of the corporation

who are in reality the owners of the broadcasting facilities and whose interests must be considered as paramount.

We hear in this debate that all this is going to be changed if and when the Conservatives come into power. We have heard from the hon. member for Greenwood that he is outraged that such a situation as now obtains could exist. I believe he said that he had had a part in framing the act and that it was outrageous to suggest that this board did not come under the direction of the Minister of Transport and under the direction of the government of the day. He made it perfectly obvious that if there were a change of government, all this would be changed.

Mr. MASSEY: Mr. Speaker, I hesitate to interrupt the hon. gentleman—

Mr. HOWE: I will read what he says. I do not want to misrepresent the hon. gentleman.

Mr. MASSEY: I do not think the hon. gentleman would put words in my mouth that I did not say.

Mr. HOWE: All right; I will read what he did say. On page 186 of *Hansard* he said:

> The corporation was to administer policy, yes; to administer policy independent of but subject to review by the Minister of Transport, yes—

Mr. MASSEY: Exactly.

Mr. HOWE:

—but to establish principle? No, a thousand times no!

Mr. MASSEY: Quite right. Does that not suggest that the present situation is going to be abolished?

Mr. SPEAKER: Order.

Mr. HOWE: Further on he said:

> Would the minister state for a single, solitary moment that if any civil servant attempted to abridge any basic national principle, he, the minister, would simply say, "That has no bearing on me at all. That is his job."

That clarifies the statement made by the hon. member for Greenwood. He is outraged to think that this government should allow a corporation, set up to function independently, so to function.

Now let us examine a few of the regulations I have just cited as compared with practice in other countries. I may observe here that the broadcasting act itself recognizes political broadcasting as a special problem requiring separate regulation and gives different definitions for political broadcasting than for ordinary expression of opinion. In every country in which there is broadcasting, it is recognized that there are certain special circumstances existing immediately prior to an election which make it desirable that the leaders of all political parties should be given a reasonable opportunity to discuss with the electors the policies of their parties.

An hon. MEMBER: If they have the money.

Mr. HOWE: There again I believe that a more enlightened attitude is being taken with regard to the financial question of political broadcasts, which is a bar on some occasions. I know that the Canadian Broadcasting Corporation's management is studying that very question at the moment with the general idea of making facilities more equally available.

Speaking of the English practice, the statement of the hon. member for Greenwood is quite correct, that the situation there is different in that the government owns all broadcasting facilities and does not sell time for any purpose whatever. The rules governing controversial broadcasts of opinions, while much more strict than our own, are, however, similar. Leading public men are given time on certain occasions to discuss events of the day and government policies. Similarly, topics of the day are debated from time to time, though on a much more restricted basis than on this continent and always, of course, without cost. In the United States we find a totally different system. There, broadcasting is privately owned and subject to very little direct governmental regulation. The sale of broadcasting time is a means of profit for the owners of stations and chains of stations and naturally the profit motive is an inducement to these chains to sell the greatest possible amount of time to purchasers. About the only restriction of broadcasting in the United States is that it shall not offend public opinion. But that very implied restriction in relation to the profit motive has led the larger chains in the United States to adopt definite policies with respect to controversial broadcasts, which are very similar to Canadian policies now being discussed.

I will not discuss the chain that was referred to last night, Father Coughlin's chain. In the United States there is nothing to prevent anyone from leasing a number of private stations and connecting them with telephone wires to make a broadcasting chain. I take it that Father Coughlin's chain is a free and easy affair, particularly after reading the statement in the Ottawa *Journal* that over that chain Father Coughlin delivered a speech which was almost word for word the speech written and delivered some two years ago

by Doctor Goebbels of the German nazi organization. So we will not discuss the ethics of that particular chain at this time.

I will, however, discuss the two largest broadcasting institutions, the National Broadcasting Company and the Columbia Broadcasting Company, and in that regard I wish to read statements just issued by each of these chains. These statements came by wire addressed to the *Mirror,* 330 Bay Street, Toronto, under yesterday's date. The authenticity of these wires has been checked by direct communication with the head offices of both chains. The following statement is from the president of the National Broadcasting Company, Mr. Lenox R. Lohr:

The National Broadcasting Company since its inception has held to a policy of not selling time for the discussion of controversial issues upon which large groups hold divergent views and solution of which materially affects the life and welfare of the public. Sustaining time is furnished at NBC expense for discussion of such questions by recognized leaders. The company attempts at all times as nearly as possible to give equal representation to opposing sides. Any other method of procedure would give those with the most financial resources a monopoly of radio as a medium of influencing public opinion.

At a meeting of our advisory council held on January 9 the following policies long established by the NBC were reaffirmed.

(1) The NBC does not sell time for religious programs as this course might result in according a disproportionate representation to those individuals or groups who chance to command the largest purses. In view of the vast numbers of religious sects the company cannot attempt to serve each individually. It cannot of its own choice wisely single out particular individuals to represent special forms of faith. It has accordingly chosen responsible organizations representing the three dominant religious groups in America;—i.e. Protestants, Roman Catholics and Jews to suggest speakers and prepare programs. The NBC does not permit attacks upon religious faiths or upon racial groups.

(2) During the period of elections only the company sells time to the official representatives of the major political parties. It does not accept dramatic presentations of political issues for it is impossible to prevent essential misrepresentation and unfairness when this technique is employed.

(3) In connection with its own sustaining programs the company attempts at all times as nearly as possible to give equal representation to opposing sides of every controversial question which materially affects the life or welfare of any substantial group. If one side of such an issue is broadcast this fact does not convey as a matter of right an opportunity for the opposing side or individual to be given equal opportunities to reply. But in permitting the first broadcast the NBC has assumed an obligation to the public.

The NBC follows the same principle on sponsored programs where particular opinions on important controversial issues are expressed. In this case the sponsor may be required to yield time to a representative of views opposed to the sponsor's speaker.

[Mr. Howe.]

(4) Freedom of the air is not to be construed as synonymous with freedom of the press or freedom of speech. Each form of bringing opinion to the public notice has its own characteristics and limitations.

5. A speaker having been granted time on the air the NBC does not censor or edit his opinions. It must however check for violations of the law and for libellous, slanderous or seditious statements, as the courts have held broadcasters responsible for any damaging statement made over their facilities.

Lennox R. Lohr,
President of the National
Broadcasting Company.

I have a similar statement issued by Mr. Frederic A. Willis, assistant to the president of the Columbia Broadcasting System. I believe it is desirable for the house to have this, and as my time is almost exhausted I ask permission to place this letter on Hansard.

The *Mirror,*
330 Bay Street,
Toronto.

Relative to your inquiry the Columbia Broadcasting System's policy is as follows:—"We do not sell time to individuals or groups for the discussion of controversial public issues such as, for example, taxation, legislation, or regulation." Time for discussion of public issues is allotted free of charge and in accordance with other elements of program balance. By program balance we mean offering to the public all kinds of information, instruction, entertainment as well as the day to day developments and the shifting of public interest in topics available for discussion and the relative importance of each. We limit our advertisers in their messages to the sale of goods, services or promotion of good will for their industry. As an example, we would gladly sell time to a common carrier (railroad, bus or air transport company) for the promotion of travel but would not sell it to them to be used to agitate for new rates or different regulation.

The following are the reasons for refusing to sell time to individuals or groups for discussion of public issues and for allotting time free of charge instead. If time were sold for discussion of controversial issues or for the propagation of the views of individuals or groups, we would necessarily allow a powerful public forum to gravitate almost wholly into the hands of those with the means to buy it. We would in fairness have to sell to all with the ability and inclination to buy at a given moment, thus surrendering all possibility of maintaining well balanced broadcasting schedule and such discussions should be kept in balance by editorial judgment.

The sole exception to sale of time to individuals and groups is during election periods when time is sold to parties owing to their need of greater time than we can afford to give away free.

Columbia does not censor ideas nor do we seek that the views of any speaker agree with any member of our editorial staff. We are pledged not only to freedom of the air but non-partisanship and fairness of the air. By freedom we mean the right of a speaker to express his views subject only to general laws and the laws of libel and slander, the rule that he may not seek to provoke racial or religious

hatred and the ordinary limitations of good taste and the decorum appropriate to the homes of the nations. By fairness we mean no discussion must ever be one-sided so long as any qualified spokesman wants to take the other side. The party in power must never dominate the air. No majority must ever monopolize. Minorities must always have fair opportunities to express themselves.

Frederic A. Willis,
Assistant to the President,
Columbia Broadcasting System.

Much has been said about freedom of speech and freedom of the press in relation to the regulations I have just read. As I understand it, freedom of speech gives every man the right to hire a hall, or if he cannot afford to hire a hall, to stand on a soap box and make any statement he likes, provided that statement is not libellous or seditious or profane. I may point out something that free speech does not imply; it does not supply an audience, a man has to get that himself. It does not give a man the right to an audience assembled in their own homes all across Canada to listen to a program of fine music or some usual entertainment feature.

Freedom of the press as I understand it is the right of an owner or editor of a newspaper to publish in his editorial columns anything he may see fit to publish, with the provisoes already mentioned. It also gives the editor or publisher the right to print or not to print anything he chooses to print or not to print in his newspaper. It does not give the public at large free entrance to his newspaper columns as a matter of right. The editor makes his decision, and the public has no recourse except to the editor or publisher himself. It is a strange thing that the claim that freedom of speech was denied should come so vehemently from the publisher of a daily newspaper. In my opinion the publisher and editor of a newspaper is in a most favoured position from the point of view of his ability to bring his ideas and policies to the attention of the public, and it is extraordinary that another medium should be criticized for stifling his views and opinions. Radio broadcasting is a different medium, and its proper use is neither freedom of speech nor freedom of the press, but rather can be stated as equal opportunity of discussion.

We all know that the radio is a mighty weapon for the dissemination of propaganda. It is a new medium, and rules for its control are being changed frequently, almost from day to day. The by-laws of the Canadian Broadcasting Corporation confer upon that body as of necessity the right to make regulations from day to day as conditions require. It is one of those regulations that we are discussing at this time.

Mr. CAHAN: But that is subject to government approval.

Mr. HOWE: No, not at all.

Mr. CAHAN: I beg the minister's pardon; the by-laws are.

Mr. HOWE: Not the regulations. Mention was made by the hon. member for Greenwood of the broadcasts of Mr. Beverley Baxter's comments on international affairs which came to Canada from the United Kingdom as an advertising feature for one of our motor car manufacturers. It was cited as a deviation of regulation 2. That is not an example of deviation. It was rather the cause for regulation 2. It was the first occasion on which a broadcast of that kind was made over CBC as a paid feature. The broadcast was very well done, I believe; I heard no criticism of its content. But I heard the question asked why a broadcast of that type by a prominent man in British public life should come to Canada as an advertising feature. When the question was asked of the broadcasting corporation the governors of the corporation met and decided that this was not proper material for use in Canada for advertising, and the regulation that I have just read arose out of that broadcast.

The first regulation I read has always been the view or policy of the CBC, as it is of chains in the United States. But the regulation makes it very definite that time will not in future be sold for the expression of opinions either by private persons or by profit-making corporations. Surely we have a national trust which imposes upon us the necessity of not permitting our radio broadcasting facilities to be used for propaganda. We all had a lesson on the power of propaganda over the radio in the recent broadcast on a Sunday afternoon by Orson Welles of an imaginary invasion from Mars. In spite of the fact that at intervals of ten minutes throughout that broadcast the announcement was made that "this is a play representing wholly fictitious incidents," a great part of New York City and the surrounding country was thrown into an absolute frenzy. We had also a demonstration of the power of radio in disseminating information at the time of the Munich crisis. I think on that occasion every one of us kept as close to the radio as we could for several days. It has been said that the broadcasting may have been overdone at that time, but I think hon. members will agree that if war instead of peace had come, people all over the world would have had a knowledge of the fundamental causes of that war and the responsibility for bringing it about that the people had never had at any former time.

Mr. CAHAN: I never before in my life heard so much of misrepresentation in a single week as I heard then through the Columbia and the National broadcasting systems.

Mr. HOWE: Radio is increasingly exerting a profound influence on our daily life. It is therefore necessary that every possible precaution be taken to the end that it shall never be used for selfish propaganda, either by corporate or by private interests. On the other hand radio can be most helpful in building up an informed public opinion, provided great care is taken to present as fairly as possible all sides of controversial public questions. The new regulations of CBC are designed to make this possible. It will continue to be the policy of CBC to encourage the discussion of public questions on sustaining programs without cost to the speaker. Competent observers will be encouraged to give their views in a manner forthright, challenging and stimulating, but always fair. CBC will continue to resist any attempt to regiment opinion or to throttle freedom of utterance. It is a truism that the free interchange of opinion is one of the safeguards of democracy, and CBC believes that it would be false to its trust as custodian of an increasingly important part of the public domain if it did not resist external control and any attempt to place the free air under the domination of the power of wealth.

This parliament alone has power to give directions to CBC, and a committee of this parliament will at this session examine the policies of CBC and report on their wisdom. I have no personal doubt that as in the past the report of that committee will be unanimous and an endorsement of present CBC policies, including those now under discussion.

Mr. A. B. HYNDMAN (Carleton): Mr. Speaker, rising to speak to the address in reply to the speech from the throne I do not think it is necessary for me to compliment the mover (Mr. Matthews) and the seconder (Mr. Chevrier). I need only say that I trust they will represent their constituencies with the same honour, dignity and reputation as did their predecessors. I should like to say, too, how pleased I was to learn about the visit of the king and queen to Canada, and to express my particular pleasure in the fact that they are to spend a longer time in Carleton county than in any other part of Canada.

I have read carefully the speech from the throne and, strange to say, it reminded me of former speeches from the throne. I have looked through the speches of the past three sessions, the first of which was delivered on February 6, 1936. In that speech unemployment was mentioned and there is reference of the appointment of a commission. Outside of that there is very little in it.

In the speech from the throne delivered on January 14, 1937, the following year, I notice this:

> The provision for large numbers still on relief remains a foremost problem.

The unemployed are still there. And we notice this further observation:

> Measures will be taken, in cooperation with the provinces, to assist in the establishment of unemployed young people.

Turning to the speech delivered on January 27, 1938—last year—I find that the government is still going to try to promote and to preserve Canadian unity and,—

> As a first step towards this end, a royal commission of inquiry has been appointed .....

That is about all we found in the speech from the throne of last year. Coming to the speech from the throne delivered at the opening of this session we find that after four years of effort on the part of the government the following reference is made to unemployment:

> In Canada, the problem of unemployment has been aggravated in recent years by recurrent crop failures in the western provinces, and by the serious business recession experienced in the last year in other parts of the world. The intensification of the problem has set forth in bold relief the obstacles which the existing division of constitutional authority places in the way of solution . . . . The government have not altered their view that a national unemployment insurance scheme is essential to a permanent policy of meeting the problem of unemployment.
> My ministers—

And I ask hon. members to note this.

> My ministers recognize that the plight of those who are still unemployed cannot await necessary constitutional amendments, nor the summoning of any conference. They are prepared therefore—

Mark these words.

> —notwithstanding constitutional impediments to effective action, to join with the provinces in a further determined effort to meet the immediate situation.

When I read that it recalled to my mind something which had appeared in the speech from the throne of 1936. Going back to the speech of that year I found the following paragraph:

> In order to determine the question of their validity, reference has been made to the Supreme Court of Canada of a number of measures enacted at the last session of parliament.

In other words when the last government tried to bring in measures to help the unemployed of Canada, a question was raised as

to the constitutionality of the measures introduced. Now, a Liberal government, in spite of the constitutional difficulties which stand in the way, is apparently going to try to do something.

I was pleased, however—at least I was pleased until I came near to the end of the speech—that we were not going to have any more commissions. I could not find the word "commission" in the whole speech—at least, so I thought, until I reached the last sentence, when I learned that there is to be set up another commission to administer the penitentiaries. Let us hope that that will be the last of the commissions.

I believe that the pressing questions confronting the country to-day are three in number: first, national cooperation and understanding—I know the Liberal party calls that unity, but I prefer to call it cooperation, understanding and good-will; second, unemployment and third, the trade agreement.

As I have stated before, the king and queen are to visit Canada this summer and, with that thought in mind, I was disappointed when at the beginning of the session I found on the order paper certain resolutions standing in the names of the hon. members for North Battleford (Mr. McIntosh) and Quebec-Montmorency (Mr. Lacroix). The first of these resolutions deals with the changing of our flag. I would suggest that the hon. member withdraw the notice of motion. In Canada to-day there is enough disunity and lack of cooperation without introducing that contentious subject into debate. I am not sure whether or not we should have a distinctive flag, but in view of the fact that the king and queen are visiting Canada this year let us not discuss the subject. The resolution standing in the name of the hon. member for Quebec-Montmorency asks that we change the name of our country from "The Dominion of Canada" to "The Kingdom of Canada," and that we change the name of our governor general to that of viceroy. Let us not talk along those lines this year. I would ask the two hon. members to withdraw their motions.

I have listened with interest to the speech of the Minister of Transport (Mr. Howe) in which he discussed the controversy over the radio talk of Mr. McCullagh. I have in my hand a copy of that speech and, although I shall not comment upon the ruling of the broadcasting corporation, for the life of me I can see nothing in the speech which should not be broadcast throughout the dominion. It is headed "Marching On—to What?" I assure you, Mr. Speaker, that that is the very question which is on the lips and in the minds of our people. To what are we marching? When I look over the subheadings of the speech I find these: "Problem of leadership; tired of personal feud." Surely we are tired of personal feuds in Canada. Then, the third heading is "Jobless present challenge"—and I am sure they do. Then, "How will Canada appear?" and "Apathy ancient enemy." Surely we have had apathy on the part of the Liberal party for the past three years. Finally and most important of all, a stop to wild spending. I cannot see how there can be any criticism of topics of that kind. In the speeches from the throne for the past four years we have had outlined the doctrine of national unity, and it has been preached from the Liberal benches. At no time since confederation have we had so much unrest, such a lack of cooperation, and so much disunity as we have at the present time. I should like to place on *Hansard* what I believe to be the real condition throughout Canada as far as unity is concerned.

I shall start with British Columbia, that beautiful province that is fast becoming the land of the rising sun. I read this:

> Premier Pattullo of that province announces that he and his cabinet are to journey to Ottawa "not to discuss the needs and problems of this province, but to demand certain specific things under threat that if they are not granted there will be defection in the Liberal ranks and the Liberal party will no longer be able to bank upon the support of sixteen members from British Columbia."

Mr. REID: They did not say that.

Mr. HYNDMAN: They did not say that, but the premier of British Columbia did.

Mr. REID: No, he did not.

Mr. HYNDMAN: The premier of British Columbia did say that.

Mr. REID: I ask for the authority.

Mr. HYNDMAN: Then we come to Alberta. I do not agree entirely with the premier of that province, but in all fairness to him let me say that he has not had the least bit of cooperation from this house in even trying out his policy. I am not saying that I agree with his policy, but at least he is trying to do something, which is more than this house has done.

We come then to Saskatchewan. I am not criticizing the government for the money that has been spent in that province, but with all the money that was spent, even to win a provincial election, what do we find? They have raised the threat of secession. Let me quote from a report as follows:

> The United Farmers of Canada, Saskatchewan section, devoted a long debate to the subject at its annual convention and unani-

mously adopted a resolution instructing its board of directors "to assimilate and prepare authoritative material on the subject of setting up a western autonomous state within the British empire, governed by a single government elected democratically by the people."

Then we come to Manitoba, where there is another Liberal provincial government, and what do we find? We find Premier Bracken expressing a protest against existing conditions. For the moment I shall skip the hotbed of Ontario and Quebec, but I shall come back to those provinces later. I go now to the quiet maritimes. I cannot say very much about Nova Scotia. My wife came from Nova Scotia and I have lived peacefully with her for twenty-two years. If I can do that with a woman for twenty-two years, surely this government can live peacefully with the Nova Scotians for at least three years. As far as New Brunswick is concerned, we know that things are not too harmonious in the provincial Liberal party in that province. There is little to be said about Prince Edward Island; it is a province entirely surrounded by water. Water is always a purifying agency, and I feel quite sure that the infection of disunity has not reached them as yet.

I come back now to Ontario. What do we read about that province? Here is one headline:

Hepburn ready now for fight with dominion.

Here is what he says:

Let me ask this simple question. What has the King administration during its 3½ years in office done to deserve the support of the people who elected it in 1935?

Then we have Mr. Hepburn accused of having taken part in a conspiracy. We find the Minister of Transport (Mr. Howe) and the Minister of Labour (Mr. Rogers) coming into the battle. Here is one headline I read:

Howe and Rogers charge provincial leaders want to control federal government themselves.

Then we have Mr. Hepburn coming back as follows:

I don't think there ever was a government which was elected with greater promise and which has failed more dismally. Its attitude on all important policies has been one of laissez faire. Its performance has been one of drifting. Its ministers appear to be living in another age and generation altogether. They have failed completely to realize the problems of to-day and to deal with them as they should be dealt with.

Then there are replies by the Minister of Transport and the Minister of Labour. Here is what the Minister of Labour had to say in connection with the foundation of federal unity:

More often than not the fault of maladjustment lies not in the fact of union but in the failure of policies to meet adequately the requirements of national unity.

[Mr. Hyndman.]

Then there is another reply from Mr. Hepburn as follows:

My position is this—in a general election I could not conscientiously support a party led by Mackenzie King whose government, in a time when action on national issues was badly needed, holds the worst record in this respect in the history of the dominion.

Then we find the Minister of Justice (Mr. Lapointe) getting into the fight. He referred to a certain Liberal as not being worthy of tying the bootstrings of the Prime Minister. The newspaper report continues:

Asserting the dominion government was "determined" to establish a plan of unemployment insurance but "cannot because of the action of certain provincial governments," Mr. Lapointe said: "If there is failure in this, the people will remember and the workers will remember what caused failure."

I quite agree with the minister in that. Then we have, last but not least, the Prime Minister (Mr. Mackenzie King) coming into the battle. His statement shows that this trouble has been brewing for at least a year and a half rather than for only the past six months. Here is his statement:

For a year and a half, I have refrained from saying a word or taking any step which might serve to widen the breach created by Mr. Hepburn's attitude towards myself and the dominion government. I have done this in the hope that legitimate differences, whatever they might be, would disappear or be removed.

I think we all know the reason for this falling out between the Prime Minister and the premier of Ontario. It was all over two water diversion plans. We have the premier of Ontario stating:

Prime Minister King was asked to convey to the United States government the province's request for permission to divert whatever water might be necessary into lake Superior.

Mr. King, without consulting Washington, replied that in his opinion Washington would not grant such a request without Ontario agreeing to the St. Lawrence waterway project.

In other words, negotiations would be broken off if Mr. Hepburn would not agree to the development of the St. Lawrence waterway. Then we have another headline:

Was foolish to support Mr. King in 1935 election, says Hepburn.

His statement continues:

Since 1930 Mr. King's attitude has been one of hostility to Ontario.

I shall not read the rest of what was said there, because I think sufficient has been given to the house.

This is a heading in the *Citizen*. "Hepburn voices pessimism over dominion affairs," and the dispatch continues:

"I am very optimistic with regard to Ontario," Mr. Hepburn said, speaking before a rally of Oxford county Twentieth Century

Liberal Clubs. "But I am most pessimistic over the condition in which I find the affairs of the dominion."

We have discord, shall I say, not only between Ontario and the dominion, but between different parts of Canada. We have the premier of Ontario stating that Ontario has been the milch cow for the west, and we have western Canada saying they have been supporting eastern Canada. Contrast the feeling between the premier of Ontario and the Prime Minister of this country with the attitude of the recently elected leader of the Conservative party of Ontario, who had this to say:

I wish to make it perfectly clear that if you honour me at that convention by choosing me as leader of the Conservative party in Ontario I shall cooperate to the very limit with Doctor Manion and with other Conservative leaders throughout Canada.

If we had a little more of that kind of cooperation in this dominion we would be much better off to-day. Before I leave Ontario let me say just this. People need not say that Premier Hepburn has done nothing for Ontario. That was put to me the other day and I replied that Premier Hepburn had done more for Ontario than the Prime Minister was doing for our province. I was asked what Premier Hepburn had actually done, and I replied, "Our township council received over one thousand dollars last year to apply on their taxes. That is one thing. In addition Mr. Hepburn has made a slight reduction in motor car licence fees." Then I asked him, "Now you tell me one thing that Prime Minister King has done for Ontario," and my questioner walked off without answering.

I come now to good old Quebec. Who would ever have thought there would be any question of disloyalty in Quebec? And yet we have the premier of that province stating that at least three members of the federal house are suffering from nightmare. The premier of Quebec in a Canadian Press dispatch says:

The policy of Ottawa just now is to impose on the provinces and municipalities burdens which it should bear itself.

The premier of Quebec went on to say:

State Secretary Fernand Rinfret and Justice Minister Ernest Lapointe, both had stated their belief unemployment was a matter for federal authorities. "What's the matter with them—do they lack influence?" he said. "Surely Premier King realized what he was doing when he took them into his cabinet."

Lovely, is it not? Grand! You may ask me, what is the premier of Quebec doing for his province? The government of Quebec, for one thing, is doing more for the farmers of that province than this government has been doing for them. The farmers of Quebec can procure loans and mortgages on their farms at a rate of three per cent payable over a period of forty years, while this government charges five per cent interest, and the loan is for only twenty-five years.

Now I leave the provinces and cite opinions by people outside Canada. Sir Evelyn Wrench, a well known English writer and student of imperial affairs has this to say:

As far as my own personal views are concerned, as I think you know, my whole life has been spent in trying to unite the British commonwealth, and during my three months in Canada last year I was disturbed to find a lack of unity such as I had never experienced during five former visits.

Conditions are certainly getting serious. Let me now give some opinions that have been expressed in this House of Commons by Liberal members who have become provoked by lack of action on the part of this government. Last year the hon. member for Huron North (Mr. Deachman) had this to say:

I want something done to-day. I want some consideration of these problems in order that something may be accomplished in our time. This is what I ask the house. This is what I know the country asks of us.

The hon. member for Winnipeg South (Mr. Mutch), speaking in this house last year, said:

I had hoped that for the rest of the session we would be through fiddling, and would perhaps devote more time to the fire protection of our Canadian Rome, which many of us think is burning. When responsible members of this or other legislative bodies waste their time in this sort of thing, irreparable damage is done to the institutions of democracy.

The hon. member for Springfield (Mr. Turner) stated in this house last year:

There is at present right across the dominion a general feeling of unrest and insecurity, which seems to be growing.

At the 1936 session the hon. member for Vancouver-Burrard (Mr. McGeer) said:

It may be the Liberal party is placing its footsteps on that trail of broken promises which not only leads through the valley of humiliation but down deep into the depths of eternal oblivion.

And last year that same member had this to say. He hoped that we would "do all we can to guide the Department of Finance out of that swamp of financial ignorance in which it seems to be lost."

I now come to this year. This house has not been in session very long, but on Tuesday last the hon. member for Rosthern (Mr. Tucker) had this to say:

The youth of Canada expects something more of this parliament than the threshing over of old straw such as we have witnessed. They expect measures that will cure their problems.

And no later than yesterday we had the hon. member for Humboldt (Mr. Fleming) saying this—and all these are Liberal members:

Mr. Speaker, as I review the accomplishments of the present government and of our own political term in office, and as I have listened attentively to the proposals in the speech from the throne, I begin to wonder how long it will be before the government will be willing to face fairly the fundamental issues, instead of permitting itself to be occupied merely with details of administration.

I do not want to suggest for one moment, Mr. Speaker, that we are going to have communism or fascism in this country, because we are not, but unless this government can prove that democracy is worth while, conditions that lead to communism and fascism are very likely to develop. Let me put on *Hansard* what the present Prime Minister had to say in 1935:

We take up at once, as our supreme task, the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by Providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that "health and peace and sweet content"—

My, haven't we got that!

—which is the rightful heritage of all.

We have also the report of the Canadian Welfare Council, which has this to say:

The discouraging fact is, after all these years, in part because of the clashing jurisdictions of the dominion and its provinces, Canada still lacks long term legislation, comprehensive planning, and any integrated and adequate program for a fundamental attack upon the serious national ills which have occasioned these heavy expenditures.

The town of Aylmer, on the Quebec side, reports four hundred persons in destitute circumstances on relief. Mr. Draper, the president of the trades and labour congress, has this to say:

As long as Canada's constitution fastens on the provinces the major responsibility for social legislation, a proper system of social services—unemployment insurance, health insurance, adequate old age pensions—will be out of the question.

The hon. member for Southeast Grey (Miss Macphail), speaking in Toronto, significantly remarked:

We lost one generation of youth through the great war. We do not want to lose another through neglect.

No truer statement was made than that one. The cost of relief in nine years in the province of Ontario was $900,000,000, yet nothing is being done. We read that the All-Canadian Congress of Labour regrets 1938 saw little progress towards abolishing poverty and preserving national unity. They say:

It is deeply to be regretted that the intervening year has seen little or no progress toward their solution and that in some respects they have become intensified. . . . Good intentions are not enough; good-will is not enough. Surely the time has come for a national economic policy which will abolish starvation and unnecessary suffering in this richly endowed country.

The Minister of Mines and Resources (Mr. Crerar), speaking in Montreal, had this to say regarding taxes:

We must take stock of our expenditures. We must make improvements in a way that will add to the productive wealth of the country and leave to later years the other things that seem to be necessary in a modern civilization.

That refers to taxation and applies to the manner in which government is spending money at the present time on projects which are absolutely of no use to this country and never will be of much use.

I have received letters galore. There are two in my hand which I should like to read; they certainly touch one's heart. Writing the other day, one man says:

I am a married man, thirty-five years of age, with a wife and five children, four of whom are going to school, born and raised in Canada. . . .

I have tried, and never refused, any kind of work, even going as far as selling one's own life-blood as an aid to keeping one's family together. . . .

Quoting from another:

I sure do not know, but sure am discouraged, after living in Ottawa about fifty years things should be like they are, I often wish sometimes that I was a foreigner of some kind and I might be able to get some kind of employment.

I can tell the house that there are hundreds, indeed thousands of people in this country in a like position. The farmers too are in a desperate state at the present time, not only the western farmers but the mixed farmers of eastern Canada. I know of a number in my county who are forced to leave their farms.

Hon. members have the right to ask, "What did Mr. Bennett do about it? What did the previous government do about these matters?" Well, at least they tried. I looked up the different bills and trade agreements which the late government passed during its term of office, and I was greatly surprised to notice that the Liberal party, then in opposition, voted against the trade agreements introduced by that government. I also noticed that no vote was taken on certain pieces of

legislation brought in by the Bennett government in the last few years of their term of office, yet even though the Liberals were agreed upon these pieces of legislation, the minute they got into office they sent those enactments to the old country to see whether or not they were legal. I refer to the Natural Products Marketing Act, the Farmers' Creditors Arrangement Act, the Employment and Social Insurance Act, the Minimum Wage Act, the Dominion Trade and Industry Commission Act, the Limitation of Hours of Work Act, the Weekly Day of Rest in Industrial Undertakings Act. Nearly all were thrown out by the action of the Liberal party. I feel that had they been carried through they would have improved conditions in this country.

I come now to the trade agreements. Apparently the Liberal government puts a great amount of stress upon trade agreements. I find that during the term of office of the Bennett government they consummated eight trade agreements, namely with Australia, New Zealand, France, Poland, the United Kingdom, the Union of South Africa, the Irish Free State, and Southern Rhodesia. What strikes me about this is that as regards all four trade agreements connected with the British commonwealth of nations, the Liberals voted against them. That goes to show that the Liberal party, when out of power, is not in favour of trading, at any rate with the British commonwealth of nations. Apparently there should be no truck nor trade with our best market. When the trade agreement with the United States was discussed in this house in 1936 the Minister of Finance (Mr. Dunning) stated that the proof of the pudding is in the eating and asked us to wait patiently and see what was the result of that agreement. Well, I can give the result of the eating of that pudding, and it is not very good. In 1935 the total exports from Canada to the United States amounted to $370,104,000, and our total imports amounted to $312,416,000. In other words we had a favourable trade balance in that year with the United States of over $57,000,000. What do we find as regards 1938? An adverse trade balance of over $64,000,000. When you add those two together you find that in 1935 Canada was better off as far as trade goes with the United States than she is in 1938 to the extent of $121,000,000.

Turn to the other side of the picture and consider the Ottawa trade agreements, the agreements against which the Liberal party voted when they were in opposition. Although they opposed the agreement with Great Britain, there was, I find, a favourable trade balance in 1935 of $191,000,000, in 1937 of $258,000,000; and for the eleven months of last year it was $225,000,000. I simply ask which is our best market? Why did the Liberals vote against the Ottawa trade agreements?

Great stress is laid by the Liberal government upon quotas. They are continually talking about the quotas—the preferences so to speak—they get from the United States. I looked up that item and I find that under the 1935 agreement which they made with the United States the quota on cream was set at 1,500,000 gallons, yet all the cream which we shipped into the United States in ten months of last year was only 4,572 gallons. Then we had a quota on cattle. The United States said, "Yes sir, you can ship your cattle into our country to the extent of 155,800 head of cattle weighing 700 pounds or more." I find, however, that we shipped only 33·5 per cent of the quota. As regards cattle, 175 pounds or less, it is said that we may ship 57,933 head, but I find that we shipped only 68 per cent of the quota. Of dairy cows they say that we can ship 20,000, but we shipped only 38·7 per cent. What, therefore, is the use of raising the quota? That is no advantage.

In the new agreement the quotas are increased, but that makes no difference. We have exceeded our quotas only in two commodities, shingles and seed potatoes, and the quota on potatoes is not increased in the new agreement. Under the old agreement we exceeded it by five per cent and so they said they would not increase that quota. Shingles have been increased five per cent.

In short, every time a Liberal government tinkers with trade agreements we get the dirty end of the stick. The other party takes the horse and gives us the rabbit. In matters of trade the United States gives too little and asks too much. That is the fault of this government. Take the importation of fresh fruits and vegetables from the United States. In 1935 we imported only $9,000,000 worth of fruits, whereas in 1938 our importations were valued at $13,000,000. Of fresh vegetables, in 1935 we imported only $2,000,000 worth, and in 1938 over $4,000,000 worth. Is it any wonder our market gardeners have a hard time? Then take cheese, milk and butter. The average price of butter in Montreal in December, 1935, was 26½ cents a pound, and in December, 1938, it was 21 cents. Farmers have asked me why the price of butter is so low, and it is not hard to tell them. In the eleven months ended November, 1938, we imported from New Zealand 2,871,373 pounds of butter, and from Australia, 1,400,000 pounds, or a total of 4,271,373 pounds. Butter in cold storage on January 1, 1939, amounted to 43,784,406 pounds as compared with 27,769,429 pounds in 1938. The increase in the

quantity of butter in storage last year amounted to 16,014,977 pounds. Is it any wonder the price is what it is?

The total production of milk in Canada in 1937 was 17,188,617,000 pounds. We may ship to the United States under the quota 30,000,000 pounds of milk. Why, my own constituency of Carleton produced last year 131,000,000 pounds. That district could supply four times the quota which the United States allows us. And what about the rest of Canada? Was not the United States very generous when it said to the Liberal government that we might send 30,000,000 pounds of milk to that country?

Mr. DEPUTY SPEAKER: I regret to interrupt the hon. member, but he has exhausted his time.

Mr. JOSEPH NEEDHAM (The Battlefords): I ask the mover, (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne to accept my appreciation of the manner in which they discharged the duty assigned to them.

In the speech the first place is given to the visit of their majesties to this country. All I wish to say in that regard is that I know they will receive a royal welcome from one end of the dominion to the other. I understand that during the course of his visit His Majesty the King is to unveil the memorial on the plaza here in Ottawa. I would make this suggestion to the government, that in connection with the unveiling of this memorial they provide free transportation for every citizen who served overseas and who wishes to be present on that occasion. It is to them more than to any other living person that this memorial is due, and it would be a very fine gesture as a means of saying "Thank you" to them.

The next item has to do with an increased appropriation for defence and I notice that a defence purchasing board is to be appointed. To those who have read the report of the Bren machine gun inquiry one thing at least is apparent, namely, that the department did not use ordinary business common sense in agreeing to that contract. It seems to me that there has been another setback to the idea of government ownership owing to the muddle that was made in connection with that first contract for defence purposes. All over this country the people have been demanding that profits be taken out of munitions, because that is regarded as the best way of dealing with the situation. It is felt that the best course would be to establish government ownership in the matter of munitions. But in the first contract that is entered into, we see what business ability the department exhibited. It is regrettable, and I hope that this defence purchasing board will be something more than a buffer to shield the Department of National Defence.

The new trade agreement with the United States is mentioned in the speech. That has been dealt with very fully by former speakers, and I think it would be more gratifying to the general public if there were a greater manifestation of the benefits that accrued from the former trade agreement with the United States. That is why there is so little interest and enthusiasm apparent at the present time. It seems as if this government is far more concerned with foreign markets than with the home market. One thing which has impressed me since coming to Ottawa is the lack of initiative on the part of the government in seeking to solve our internal problems. Canada's greatest problems are internal, not external. We are assured to-day that the most prosperous countries are those which are giving definite direction to the home market and home problems. If our government would place the emphasis on the home market rather than on external trade they would be doing greater service to this country.

As to the matter of reduction of tariffs I hardly know what to say, when facts like this are so manifest: When the Bennett government came into power in 1930 and raised the tariff on agricultural implements to 25 per cent, the price of implements came down. In 1935 the King government came into office and in the first budget presented by them the tariff on agricultural implements was reduced from 25 per cent to 7½ per cent, and the price of farm implements went up, not once but twice and three times.

Unemployment according to the speech from the throne is still one of our great national problems. The condition is still very serious, although conflicting statements are made as to its extent. One matter receiving special attention by the government is the proposal for youth training camps. These no doubt would be good for the youth and for the communities where the camps are situated. But something far more important than training for positions is creating positions. I do not think there ever was a time when youth did not qualify for the positions that were available. Neither do I think there ever was a generation of youth as well qualified by education, physique and otherwise to make a real contribution to their day and generation as the present one. If the positions are there, they will qualify to fill them. But the comparison we heard made last night of

the number of youth who have been trained and the number of positions found, is not very encouraging from the point of view of youth. Until this government gives more attention to creating positions by increasing the home market and production this problem will be with us.

Now a word or two regarding contemplated changes in the British North America Act, which is again referred to in the speech from the throne. The hon. member for Humboldt (Mr. Fleming) yesterday referred to the British North America Act as the alibi by which this government has been shielded in the past. If the act were changed to the satisfaction of all concerned, he wondered where they would hide in the future. One thing I want to emphasize is that there is no need for the dominion government to wait for amendments to the British North America Act in order to give the provinces the assistance they need. If the government want to give assistance to the provinces, removing the sales tax would be a direct contribution; if the provinces wished to assess the sales tax themselves, they would then have at their command a source of revenue which is denied to them at the present time. Neither does it need a change in the British North America Act to enable the government to reduce the stamp tax or the cheque tax. The same applies to the income tax and radio licences. If this government would stop bleeding the provinces of every cent they can possibly get, they would have fewer loans to make or lend back.

An hon. MEMBER: Give back.

Mr. NEEDHAM: They may have to be gifts, yes; as long as they bleed the provinces at every possible source, it is no doubt a gift.

Mr. BLACKMORE: And why not?

Mr. NEEDHAM: Why should the dominion government bleed the provinces in every conceivable way until they have nothing at all left and then expect them to carry on? I cannot understand the common sense or the business sense of such a course of action. And there is a question whether the dominion is not invading the rights of the provinces in these matters. I do not think there is any doubt it is doing so, and that is what is causing the friction to-day between the provinces and the dominion. It is no wonder that the relation is becoming more and more strained. The various briefs submitted to the Rowell commission bear that out. Many believe that this commission was appointed for the purpose of recommending that even more authority be centred in the dominion government. The provinces, I am sure, will fight against such a recommendation to the last ditch, and rightly so. One has only to look at the personnel of the Rowell commission to know what to expect their recommendation will be.

An opinion generally expressed throughout the dominion is that we have too much government in Canada, and I am in agreement. And there is too much duplication and overlapping. But those who are chiefly advancing that idea are those who are trying to get more authority centred in Ottawa. They know it is easier to deal with one government than with ten. What is behind that idea is something worthy of serious investigation. There is too much government in Canada, but it is too much government at Ottawa rather than in the provinces. This is where the duplication and overlapping come in.

Let us now consider the Department of Agriculture. Agriculture is a purely provincial matter, and yet we have an expensive federal department. It is a puzzle to find out where the functions of the Department of Agriculture at Ottawa begin and those of the Department of Trade and Commerce end. I would suggest that the federal Department of Agriculture be abolished, and that the industry be left to the care of the provinces. The same may be said with respect to mines and resources. That is another purely provincial matter which should be left to the provinces. Instead of that, we always have conflicting ideas as to which body is in authority, and various angles of the question arise from time to time.

Another matter which has been mentioned in parliament before has reference to the senate. If any legislation respecting parliament is to be changed, I would suggest that the senate be given serious consideration, because in this twentieth century, in a democracy we love and of which we boast, it is very much out of date to permit the existence of a governing body or a body with legislative authority which is not representative of the people. When one looks at the business done in the senate, as reflected in the debates of that body contained each session in a volume of only about five hundred pages, one has cause to wonder. Last night the statement was made in the house that the senate had adjourned for a month. When we come to a consideration of costs of government and a realization of the fact that the people of Canada, some of whom are on relief, are struggling under the burden of those costs, then I say changes should be made where the best results would be obtained.

We hear talk about the centralization of power. We love to speak about the British

Empire. The empire is united but, I must point out, not by the centralization of power. At the imperial conferences the dominions are more and more demanding their right to govern themselves. The same principle applies to Canada and its provinces.

The suggestion is made that unemployment insurance will be discussed during the present session. An hon. member who spoke earlier made a statement to the effect that no doubt every hon. member would support such a measure. I am not prepared to support such a bill until I know its contents. Of what benefit would unemployment insurance be to the unemployed person? None at all. Of what benefit will it be to the employed person? If it is going to reduce his purchasing power, I do not believe that I shall support it. If there is to be a contribution from the employer, we know that portion will be passed on to the consumer, and for that reason such a measure would fail to get my support. If there is to be a contribution from the dominion government and the money is to be raised by taxation, it would be of necessity a penalty on all of us. For these reasons, until I see the bill, I fail to see the benefits of an unemployment insurance scheme, and at the present time I reserve my rights as to whether or not I shall support it.

At the first session in which I appeared in the house I promised I would support the government if it brought down measures which appealed to me as being beneficial to the country and to my constituency in particular. I am sorry to say that after three years—and we are now beginning another—there is no indication that the goverment is worthy of my support.

Mr. VITAL MALLETTE (Jacques-Cartier): Mr. Speaker, may I extend my best congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address on the way in which they performed their important task. And may I express my satisfaction, and I have no doubt that of all other hon. members, upon the recovery of the Minister of Finance (Mr. Dunning). It would be our hope that his health has reached the point where for a long time to come he may be able to carry out his duties.

May I thank the government, or whoever is responsible, for the improvement of the lighting in the chamber. Speaking on the same occasion last year I pointed out that we who sat on the back benches were having difficulties in view of the lighting, and it is gratifying to note that improvements have been made. May I point out, however, that still another place in this building where lighting arrangements could be improved is the library. For the last three sessions of parliament I have been a member of the committee having to do with the library of parliament. I was pleased in the session of 1936 to hear the Prime Minister (Mr. Mackenzie King) read my name as one of the members of the committee; but the committee never sat. In 1937 I heard my name read again, and again the committee did not sit. And in 1938 there was the same lack of action. I do not know whether the committee is composed of hon. members who are not qualified to give advice to the librarians, but the fact remains that the committee has never been called together. Although I admit I am not capable of giving much advice as to the choice of books, still I do believe I could give sound advice with respect to lighting. I am one who goes to the library often. As hon. members are aware, the lighting in the library is artificial, and at the present time it is a disgrace to a place like the parliamentary library.

In a few months we shall be honoured by the visit of King George and Queen Elizabeth. The whole country rejoices in contemplation of this important event, and no effort should be spared to make it the greatest success possible. It is the fond wish of the Canadian people that the royal visit of our king and queen be as pleasant as possible. I am sure Canadians will vie with one another in their endeavour to show their respect and affection for and loyalty to their sovereign. Throughout old Quebec, as well as in other French-speaking parts of Canada they will be heartily greeted by the French cry: "Vive le Roy; vive la Reine"—God save the king; God save the queen. We are deeply grateful to their majesties for devoting a few weeks of their time to a visit in Canada, especially in times like these, times which are arduous and require much care and attention. It was a happy thought to create this precedent, and from the bottom of our hearts we wish that during their stay in Canada the old French proverb may apply: " Heureux comme un roi; heureuse comme une reine"—"happy as a king; happy as a queen."

I trust in this connection it will not sound like levity if I tell a story which was popular in Canada about thirty-five years ago. This story has reference to a Canadian who had been away from home for some time. We must remember that in those days there were no radio broadcasts, and news did not travel as fast as it does to-day. It was common in those days for men to be away from home for months or even years at a time. This particular chap returned to his home in lower Canada. When he arrived he inquired as to the latest news; he wanted to know what

had occurred since his departure three or four years previously. He was told that Queen Victoria had died. "What! the good Queen has died?" They told him that was so. "Who has succeeded her?" He was told that her son had succeeded to the throne. "Her son? Why, he must have had some pull with Laurier."

I wish to compliment the right hon. Prime Minister and his advisers in the Liberal party for facilitating the election to this House of Commons of the newly chosen leader of His Majesty's Loyal Opposition by refraining from placing a candidate against him in the recent by-election in London. I feel confident that this beau geste met with the approval of most Canadians, at least those who look upon politics as a field in which there still exists a remnant of the old spirit of chivalry. Surely in this twentieth century, nearly forty per cent of which has passed, we ought to be broad-minded enough to recognize that a political opponent should not always be looked upon as an enemy. Since it is part of our parliamentary institutions to have an official opposition, it was in the best interests of the country that the Prime Minister should act as he did. It is another proof of his real desire to strengthen the unity of Canadians.

Since the last session of this parliament the government has appointed a minister to Belgium and Holland. This marks a further step in the development of Canada's international relations. Step by step, carefully and cautiously, Canada must take charge of her own interests everywhere and not always leave that burden upon the shoulders of the mother country. In my humble and very sincere opinion, the appointment of a minister duly accredited to the courts of Belgium and Holland is a move for which the Canadian government deserves great credit. It is pleasing to note that the new minister, Mr. Jean Désy, has been reported as saying that he will do his utmost to improve not only the economic but the intellectual relations between Canada and Belgium and Holland. That is as it should be, and it ought to result in mutual and satisfactory benefits. We think most highly of the peoples of those two countries. We appreciate their business ability, their willingness to work hard and their accomplishments in all the crafts and beaux arts. Especially do we admire their sturdy patriotism.

There are so many interesting points in the speech from the throne that it is impossible to discuss them all thoroughly in the forty minutes allowed to each member of this house. Of course, I have no intention of trying the patience of my hon. colleagues for that length of time. However, with most of the items it would not be fair to dismiss them abruptly. One such item is the trade agreement with the United States. While the analysis of that agreement probably will await the time when it is submitted to the house, I think it is perfectly in order to say now that the Canadian people welcome the government's efforts to bring about closer relations with our neighbours to the south. This is natural. There is scarcely a Canadian family which has not a relative living in the great United States republic. Most Canadians have good friends as well as relations in that country.

Perhaps it would not be amiss at this point to note what other people think of this agreement. I should like to quote from the report of the annual general meeting of the Bank of Montreal, held in Montreal on December 5, 1938. The president, Sir Charles Gordon, had this to say under the heading of trade agreements:

> An important factor bearing on the economic situation comes from the tripartite trade treaties just signed by the representatives of the United Kingdom, the United States and Canada. These treaties will affect in more or less degree every industrial and commercial enterprise in this country. The situation has been a peculiar one for Canada, inasmuch as it has provided the most dramatic demonstration yet given of Canada's position as the natural liason between Great Britain and the United States. Without Canada's co-operation the agreement making for closer commercial co-operation between the two largest English-speaking nations, so important at this juncture in world affairs, would not have been possible. Canada has given that cooperation, not without sacrifices and not without some misgivings as to what these sacrifices may portend. Partly as compensation for giving way to American producers in the British market and partly as compensation for a lowering of our tariffs all along the line in favour of American manufactures, Canada has received advantages in the American market for a wide variety of the products of the farm, the forest, the fisheries and the mines. Primary producers in every province have long desired this freer access to the great market to the south, and we all hope that the advantages which it offers to them will result in such a general increase in the purchasing power of the nation as to offset the added competition which many manufacturing industries will be called upon to face.

The president of the Banque Canadienne Nationale, another important financial institution, had this to say at the annual meeting held on January 9, 1939:

> The new treaty, introducing as it does hundreds of changes in the tariffs of the three countries, embodies mutual concessions. Canada grants the United States many tariff reductions and loses the preference of six cents a bushel on empire-grown wheat. The high

quality of Canadian wheat should minimize the adverse effect of free competition on the British market. Canadian products of the farm, the forest and the fisheries should find a wider market in the United States and this advantage should assist where help was needed most. Moreover, the price of many goods imported from the United States will be lowered, reducing industrial outlays and the cost of living. Furthermore, a necessary revival of international trade should ensue inasmuch as trade between Great Britain and the United States represents about twenty-six per cent of the total commerce of the world, in which Canada plays an important part. Another interesting aspect is the application of the most favoured nation clause to a score of other countries.

I have another bank report, that of the Provincial Bank of Canada. I shall read only a small extract, as follows:

A very important factor, is the recent trade agreement made between Great Britain, the United States and Canada, effective since the first of the year. Concessions were made by Great Britain in eliminating certain excessive trade barriers. The United States and Canada also made concessions, and indications are that these reciprocal trade agreements have laid foundations for considerably expanded commerce.

Hon. members will notice that these three banks are not obsessed with the spirit of defeatism, which seems to haunt our friends to my left in connection with this trade agreement, as is evidenced by their speeches since the opening of the present debate.

The government proposes to expand its long range program of public undertakings, and I assume that this will, to a certain extent, replace direct relief. Such a move will surely be hailed with satisfaction by the taxpayers. Direct relief has never been very popular. Many have always held the view that where the government has to help the unemployed, it is better to do it through the medium of public works. They felt it was a mistake to dole out money without getting any return. Let it be said to the honour of the beneficiaries of these distributions that they prefer work to the dole. Not only was this money that was doled out wholly unproductive, but because of forced idleness many good workers have lost the ability to practise their regular craft. The country has been impoverished to that extent. I am sure that any disposition on the part of the government to replace direct relief with useful public works will meet with the approval of the entire population.

Care should be exercised in the selection of the projects to be executed in a program of this kind. It would be ideal to promote only public works that will be self-sustaining or that will liquidate themselves within a reasonable period. The government should be careful to see that proposed public works do not conflict with established legitimate enterprises already providing employment. I am sure that numerous plans will be submitted to the government in connection with this program, and I am willing to do my share in making suggestions.

Here is suggestion number one. There is a great need on the island of Montreal for a new roadway at the western end. The need is great and very apparent. I am fifty years of age, and as far back as I can remember the building of that road has been discussed; so the idea is not new at all. I do not expect the federal government to be called upon to build the road, but it might help in this way. It would be necessary to do away with several level crossings, of which there are many in that section, and which have been the scene of several tragedies in the last few years. The only reason these level crossings have not been abolished is that the municipalities concerned did not have the necessary money; they need financial help. Inasmuch as this improvement would be for the benefit not only of the municipalities but of all the people using the road, I believe that this government should help, and I apply now to them to consider the expenditure of a certain sum of money for the abolition of level crossings in that section of the island when this famous boulevard is built, as we expect, in 1939.

There is another place where we have dangerous level crossings in my county. Running north and south on the island of Montreal, a road passes through Cartierville. Motorists know that road well. People going to the Laurentians for skiing in the winter also know it well. It is fairly wide in places, and then it narrows until when you get to the Canadian National railway tracks there is hardly room for two vehicles to pass. Representations have been made to the Quebec government in regard to improving the road, and a start was made on widening it throughout. There is a fair expectation that some work will be done on the road this year, but assistance will be needed in connection with the subway, and I ask this government to give consideration to assistance for that project.

But that is not all. I have often asked the department concerned to improve the Rivière des Prairies at the back of the island of Montreal, to permit navigation. We have enough space on the shores of the island of Montreal for a population of one million, but although Montreal is situated on an island there is no place for aquatic sports, no place where people can go boating on the river at the back of the island.

Lake St. Louis is also in need of being improved. I have received representations

for its improvement at Pointe Claire, Lachine, and other places. So if this government do not know where to spend the money they are going to appropriate, let them come to me and I shall do the best I can to help them with good suggestions.

Speaking of unemployment, I feel in a general way that it would not be well to create and encourage the impression that unemployment is going to become a permanent institution with us, to be met by federal outlays for public works. That would be to adopt an attitude of defeatism, which is repugnant to the Canadian mind. On the contrary every effort should be directed towards the reintegration of categories of workers in gainful occupation according to their avocations. Some people say that all we need to do is to return to that favourite virtue of our ancestors, so dear to my hon. friend the Minister of Finance (Mr. Dunning), thrift, and dispense with non-essentials. I am afraid that individually as well as nationally we have somehow forgotten that good old English proverb that "one must cut his coat according to his cloth." It might be said that I have just been advocating expenditures, and here I am advocating economy; but in my county I have people of both persuasions, and I represent them all.

A few moments ago I gave a list of public works which could be undertaken in the fight against unemployment and which would incidentally greatly benefit the island of Montreal and the county of Jacques-Cartier, which I have the honour to represent in this house. I wish to remind hon. members that in this same county of Jacques-Cartier there is a considerable number of farmers and gardeners, and for them I ask for a continued intelligent application of the seasonal tariffs on competitive produce coming into Canada. A difference of a few days in the application of these tariffs means a great deal to these farmers and gardeners. We have a high type of farmer and gardener in our county, and they won many prizes at the Royal Winter Fair. The prize list is so long, indeed, that it has not yet arrived.

In common with workers of all classes, our agricultural workers have always received sincere, helpful and friendly cooperation from Liberal administrations. The Liberal party is a true friend of those in need, the friend of the under-dog.

May I say, en passant, that a few weeks ago I received a circular from the Massey-Harris Company, announcing substantial price reductions on tractors and general farm machinery effective November 1, 1938, and the circular states that these reductions are the result of a desire on the part of the company to share with its customers the benefits of economies effected, together with savings resulting from the slight decreases in the prices of raw materials. I have no objection to giving the company whatever credit is due for its good intentions; but members of this house, no matter to which party they belong, cannot fail to remember that an extensive investigation was made by a committee of this house not long ago into the price of agricultural implements.

Turning now to the question of armaments, in common with most people I have no liking for heavy expenditures on armaments. If every country would refrain from such expenditures the whole world would be much happier, but unfortunately those are not the conditions, and we seem to be very far from the millennium. It is not surprising, therefore, that the Canadian government deem it their duty to take steps properly to defend our well beloved country. It is impossible for a civilian to say exactly what ought to be done in that connection. We must trust those in office to assume their responsibilities, and we must support their efforts to defend our country. I intend to discuss this matter further when the National Defence estimates come before the house.

At the moment I think particular attention should be drawn to two items of importance. Every item in the Department of National Defence is important, of course, but somehow I feel that we should work up more enthusiasm among our people to join the militia. That enthusiasm does not exist at the present time. I am not blaming anybody for that, but I do think there is a great lack of enthusiasm. In the old French regime everybody joined the militia willy-nilly, because they were conscripted. I am not advocating that, but I do think we should work up enthusiasm among our young men to join the militia units.

I also believe that cadet training should receive more attention. I know there is a sum in the estimates each year for cadet training, and some training is done, but from what I have seen of it I am not satisfied that the government is getting full value for its money. If you want to work up enthusiasm for the militia you must start with the young people. This is not a party affair at all; it is a national affair.

The order paper contains quite a number of proposals for social reform. I have another one to suggest. I am not the originator of it and cannot claim its paternity; but it is a matter of serious importance and one which must eventually be dealt with by parliament,

and at some time or another it will be translated into the laws of Canada. Men are paid in accordance with a wage scale; and from the point of view of producers this is quite correct because whatever the producers make must not cost them a price that would put them out of competition. That is quite clear. On the other hand, it is also abundantly clear—to use a favourite expression of the former leader of the opposition (Mr. Bennett)—that the man who is married needs more money than his bachelor companion, and a couple with one child needs more money than a childless couple; and that, of course, goes on increasingly with the number of children. It is evident that the ordinary worker making two or three dollars a day, with a family of, say five children, cannot give his family the standard of living which can be given by another worker in the same line getting the same remuneration and bringing up only one child or none at all. In the case of education alone the first man would be under a terrible hardship, and his children likewise. It is of them that I am thinking. It is of the loss thereby incurred by the nation that I am thinking, and I am sure that one of these days the state will have to go seriously into the question of family allowances. I say "the state" because employers taken by themselves are definitely unable to pay more than a certain level of salaries and wages. I wish that members of the government and of this house would give this aspect of our social life their earnest consideration. There is no doubt about the merits of the matter, although I understand readily the difficulties to be surmounted in curing this unfortunate condition. I do not expect either that very much will be done about it now. I am content to plant the seeds of this idea in the generous hearts of all the members of the House of Commons, knowing that it will germinate there with loving care and eventually will be brought to fruition.

A word with regard to the opposition. The hon. gentleman who now leads the opposition (Mr. Manion) but who is not at the moment in his seat—perhaps exemplifying the fact that the Prime Minister (Mr. Mackenzie King) has to be absent sometimes—in a very friendly manner in his speech of last Monday evening chided us upon what he called family quarrels in the Liberal party. He quoted our manifesto of 1935, and said, according to the report in *Hansard*, at page 43 in advocating that a new edition of the manifesto be published:

> Even if the book were not of very great use, it would at least add to the gaiety of nations.

[Mr. Mallette.]

Well, I have before me something that may not add a deuce of a lot to the gaiety of nations but may add, for the moment, a little to the gaiety of Canada. I have brought here two editorials of the Montreal *Gazette*, dealing with the leader of the opposition, his party, and so on. I should like to take extracts from these articles, but that is hardly possible; they have to be quoted in full, or, as the intelligentzia say, in toto, so I shall ask hon. members to bear with me for a minute while I read this one, an editorial of Friday, August 12, 1938, entitled "Where is Doctor Manion Going?"

> The new leader of the Conservative party addressed a meeting at Barry's Bay on Wednesday. Barry's Bay is a small lumbering centre in the county of Renfrew. It was chosen by Dr. Manion for his first eastern Ontario address in his new capacity. He seems to have said some remarkable things. For example, he told his hearers that federal governments in the past have done little in the way of national planning of Canada's economic life, that the time has come for action on economic problems, and that the policy of drifting has brought about a fear psychology and "a danger of revolution which we must realize." Further on Dr. Manion expressed the opinion that one of the ways of protecting Canadian liberties is improvement of the economic system. The wealth of the country, he said, is badly distributed; hence the danger of revolution and the need of national planning, and so on.
>
> Where is this new leader going? The convention which selected him turned its back definitely on what is implied in national planning and upon the two principal apostles of national planning in the Conservative party. It dispensed with Mr. R. B. Bennett as leader and it would have nothing to do with Mr. Herridge or his heresies. It went back to Conservative principles. But now we find Dr. Manion talking the language of Mr. Bennett, even the language of Mr. Herridge, and if he does not know that this is an affront to Conservative thought in Canada, he has learned nothing from the temper of the convention which gave him his mandate. Dr. Manion's only chance of success for himself and for the Conservative party is through enlisting and holding the loyal support of the great body of Conservatives in this country who were dissatisfied with the Bennett regime, who called for a party convention and got it, and, through their representatives at that convention, laid down a platform which, if vaguely phrased—

Mind you.

> —in some respects, does substantially represent and express Conservative opinion. If the new leader has any inclination to move to the left he can, of course, indulge it, but he cannot take the Conservative party with him. In his own interest he should be warned against a false step which may lead him away from the great political element in this country upon whose support he must rely, a step which may conceivably compel that element to seek a new allegiance.

This is another leading article in the *Gazette*. The first was on August 12, 1938, the second on September 2, 1938—a Friday in both instances.

Mr. MacNICOL: But not the thirteenth.

Mr. MALLETTE: Not this time. That will come later. I hate to inflict this upon the house, but, you know—

Mr. SPENCE: Go ahead. Lots of time.

Mr. MALLETTE: I thank the hon. member. There are some of these words I cannot pronounce; I went to school only until I was about fifteen. "Whither Conservatism?" Listen to this; it is illuminating.

It begins to look very much as if the Conservative party has extricated itself from the frying-pan only to get into the fire.

Is that not nice?

Mr. MacNICOL: The fires of office.

Mr. MALLETTE: I continue:

At the party convention at Ottawa it turned its back upon radicalism and radical leaders and confirmed a policy substantially conforming to old Conservative principles and traditions as written into the record of the party in this country. The convention was clearly of the opinion that the party should keep to the right, and it affirmed that opinion in its platform. Upon that platform Dr. R. J. Manion was chosen as Conservative leader and he has no mandate extending beyond the four corners of the policy to which the convention subscribed. If he was not prepared then, as apparently he is not prepared now, to stand upon that platform and proclaim that policy, he should not have accepted the leadership. Conservatives, the great majority of them, were amazed and disturbed by Dr. Manion's speech at Barry's Bay in which he preached reform as the only alternative to revolution. Naturally, a declaration of that kind evoked strong criticism as being irreconcilable with Conservative doctrine and Conservative thought. Undeterred by such criticism Dr. Manion has gone down to Saint John, N.B., and has reaffirmed his Barry's Bay utterance. He is reported as predicting wreck, anarchy and barbarism, ushered in by revolution, unless pressing reforms are made in the economic system, and made soon, reforms that will assure the comforts and needs of life to many who are now without them.

There is an obvious difficulty in dealing with this soap-box solicitude for underprivileged persons, because Dr. Manion does not define reform or social justice or whatever else he has in mind. He does say that it is not radicalism, that it is not socialism, and that it is not communism. He calls it the attitude of commonsense tempered by justice and fair dealing, terms that are about as vague as any that he could have employed, and this very vagueness increases their mischievous potentiality. The Conservative convention had no welcome for Mr. W. D. Herridge, who had gone up and down the country advocating an unintelligible formula of economic reform, but Mr. Herridge apparently did make one convert, and the convention chose that convert to lead a party that was, and still is, Conservative in name as well as in policy. Dr. Manion says that he is going forward, that he will not be diverted from that course by any self-sufficient group which wants things to remain as they are and which will not recognize the danger to our political and economic system by standing still. No political party, he says, can stand still, and true Conservatives realize that it must move on. The new leader may intend to go forward, but it is abundantly evident that he has chosen a route other than that which the convention mapped for him. If turning sharply to the left is going forward, then he is doing it, but, as we have said before, he cannot expect the Conservative party to follow him. It will not do so, and if the Conservative rank and file find themselves obliged to acknowledge other leadership the responsibility will not be upon them.

It is sheer nonsense to suggest or imply, as Dr. Manion has done, that the Conservative party is standing still or that any of its elements wish it to stand still.

Dr. Manion has not always been a Conservative—

They remember that over there.

—but he has been a member of that great party long enough to know that he has cast and is casting a wholly unwarranted reflection upon it. No other party in this country looks back upon a finer record of progress under sound leadership, but it has been progress achieved through the observance of long-established principles of public policy and public administration. Never until recent years was the party ever guilty of fouling its own nest. Its leaders—until recently—were content to stand or fall by those principles, to build always upon solid foundations, to promote the welfare of all classes, and at no time—until recently—did any one of them attempt to capitalize for political purposes upon any kind of class disturbance.

Dr. Manion is in danger of departing from this proud tradition, if indeed he has not already dissociated himself from it. He has delivered two addresses which would be understandable enough as expressing the views of either of the small groups at the extreme left of the House of Commons. Like all such appeals they have failed to even indicate a remedy for the conditions he has described, and for any party leader to emphasize, much less to exaggerate, existing conditions of distress without having in his possession a remedy composed of anything better than a few meaningless words and phrases is to assume an exceedingly grave responsibility. To talk of revolution in this country is a downright absurdity, but it will become less and less of an absurdity as Dr. Manion continues to spread the idea among distressed and dissatisfied citizens. If that is Conservative leadership it is a brand which, fortunately, the dominion has never had before.

The hon. gentleman referred to certain posters used by the Liberal party, one of them entitled "King or chaos," and he said that one of the best jokes was that the country had got both King and chaos. This statement is undoubtedly clever, but with all due deference to the hon. gentleman I suggest that it is not strictly correct. It is true that one poster was circulated bearing the title "King

or chaos," and some people in my own constituency, when they heard the results of the election, declared that the country got King and the Tory party got chaos. As a matter of fact, one big change that has taken place in this house since the last election is the disappearance of two parties from our midst. The Reconstruction party has gone, lock, stock and barrel, and the old Liberal-Conservative party, the party of Cartier and Macdonald, has likewise disappeared. What will the Conservatives of Quebec say? The party of Cartier gone! My hon. friends will find out at the next election.

Mr. MacNICOL: "A rose by any other name would smell as sweet."

Mr. MALLETTE: The hon. member for Davenport (Mr. MacNicol) introduces some of his classics; I have a couple of them which I am holding in reserve. It is true we have a party with a new name, the National Conservative party. Well, what was the party before? It was not national, nor was it international, because the leader of the opposition says that we take too much interest in world affairs. The word "national," I suggest, is intended for the good old province of Quebec. When elections are close at hand, how much study and care is devoted by the Tories to the old province of Quebec! Naturally, I can understand that, though we were caught once, in the year 1911, when I cast my first vote. There was an election in that year, and twenty-two candidates, led by Mr. Henri Bourassa and other patriots were returned to parliament; but when the time came for them to take their seats here, there was only one of them who was found true to Mr. Bourassa. I refer to Mr. Lamarche the then member for Nicolet, a gentleman who is still remembered for the staunch support he gave to his leader through thick and thin. Others got honours; to him was given honour —and please do not confuse honours with honour.

We have before us, Mr. Speaker, an amendment and a subamendment. I am not sure whether the hon. member for Lethbridge (Mr. Blackmore) intends to support the amendment; I read his speech and I could not decide. If he does, then it would seem that the three parties are voting together. In other words, the new leader of the opposition has succeeded, as Monsieur Blum did in France, in having a Front Populaire, a popular front. Well, the sort of success that has been achieved in France and Spain does not promise much for the future of this country, from fronts populaires.

I wish to refer for a moment to another matter which was brought up last night. The hon. member for Broadview (Mr. Church) spoke of certain ceremonies at which he was present when another anthem than God Save the King was sung, and he was not interested. The hon. member for Broadview is one of the finest men in this house. Not a day passes in the session when he and I do not have a friendly conversation. I am fond of him and the more one gets to know him the more one likes him. But on some points I think he is radically wrong. When he objects to a second national anthem in Canada I suppose he has in mind "O Canada," and I venture to think his remarks in that regard do not echo the sentiment of Ontario or even that of Toronto. One night, in my home, we turned on the radio and listened to a masterly execution of O Canada in French, without a trace of accent. The singing was beautiful, and you may be surprised to hear, Mr. Speaker, that this was a performance by that great, artistic organization, the Mendelssohn choir of Toronto. I am sure that performance would remove from the minds of the audience any such impression as that which the hon. member for Broadview expressed last night on this subject.

In closing, may I refer to the question of unity, which is very much to the fore. It is well that the position of every party be made clear, and in this regard I should like to read a few extracts from a speech made by Sir Wilfrid Laurier in 1889. Speaking at Quebec on St. Jean-Baptiste day, Sir Wilfrid said:

> Can we not believe that in that supreme battle here, on the plains of Abraham, when the fate of arms turned against us, can we not believe that it entered into the decrees of Providence that the two races, up to that time enemies, should henceforth live in peace and harmony, and henceforth should form one nation? Such was the inspiring cause of confederation.
>
> When the British provinces were united under the same constitution, the hope now acknowledged was to give to all the scattered elements therein a national ideal, to present to the world the spectacle of a nation diverse in its origins and retaining in all its groups respect for family and race traditions, but giving thenceforward to all one and the same aspiration.

This speech was delivered by Sir Wilfrid Laurier in 1889, nearly fifty years ago. Let me go back further—to the year 1841. I have before me an extract from a speech delivered by Monsieur Lafontaine, the then leader of the Liberal party, addressing the electors of Terrebonne. On that occasion he said—I am translating:

> Canada is the land of our ancestors. It is our homeland, just as it must become the adopted home country of different people who come from divers parts of the globe, to exploit its forests for the purpose of establishing them-

selves permanently with their interests. Like ourselves, they must desire above all things the happiness and prosperity of Canada. It is the heritage which they must try to transmit to their descendants in this young and hospitable land. Their children must be like ourselves, and before all, Canadians.

These are the sentiments of the Liberal party. They were expressed by Sir Wilfrid Laurier in 1889 and, in an earlier day, in 1841, nearly a century ago, by the then leader of the party, Monsieur Lafontaine; and they are the sentiments of the Liberal party to-day, expressed by the present leader of the government. By these sentiments we stand or fall. It is abundantly clear that if I vote with the hon. member for Greenwood (Mr. Massey) against the subamendment, I must also vote against the amendment.

On motion of Mr. Rogers the debate was adjourned.

On motion of Mr. Dunning the house adjourned at 5.50 p.m.

Monday, January 23, 1939

The house met at three o'clock.

PRIVATE BILL

FIRST READING

Bill No. 8, respecting The Quebec Railway, Light and Power Company.—Mr. Parent (Quebec West and South).

SUPREME COURT ACT

ABOLITION OF APPEALS TO THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL

Hon. C. H. CAHAN (St. Lawrence-St. George) moved for leave to introduce Bill No. 9, to amend the Supreme Court Act.

He said: Mr. Speaker, I have a very short explanation to make with regard to this bill, which is different in some respects from the bill I introduced a year ago.

This bill is entitled an "Act to amend the Supreme Court Act." The Supreme Court Act was first enacted in 1875, and section 47 of that act now appears without any change as section 54 of chapter 35 of the revised statutes of Canada, 1927. This bill proposes the repeal of section 54 and, by way of its amendment, the substitution of a new section in a modified form.

In the earlier colonial period the governor of each of the British American provinces and the members of his council, who were selected and appointed by the governor, were constituted a court having supreme appellate jurisdiction in the province. Governors in council then exercised both political and judicial functions and an appeal from their decisions was allowed to the king in council, who then exercised political and judicial supremacy over all possessions and dependencies of the crown.

Appeals from the governor in council of a colony to the king in council at Westminster were regulated by a statute enacted by the parliament at Westminster known as the Judicial Committee Act of 1833. By the regulations made by the government at Westminster under the terms of that act appeals from the governor in council to the queen in council were restricted in commercial matters to cases in which the judgment appealed from was £500 or more.

In 1841, in a Prince Edward Island case, Samuel Cambridge, to obviate a multiplicity of suits, petitioned for leave to appeal from a judgment of a lower court of the amount of £135, although under the governor's instructions an appeal from a judgment of that amount did not lie either to the governor in council or the king in council. The judicial committee, Lord Brougham, then Lord Chancellor, presiding, declined to entertain this appeal and rendered its opinion that the appeal of Cambridge from the judgment of a lower court in the colony, other than the king in council, could not be entertained by the judicial committee under the terms of the Judicial Committee Act, 1833. Thereupon Lord Brougham introduced and the parliament at Westminster enacted a bill which has since then been known as the Judicial Committee Act, 1844. This act provided for the admission of appeals to the judicial committee from any judgment of any court of justice within any British colony or possession abroad. It thereby allowed appeals direct to the judicial committee from any minor court in any province or colony.

The fourth of the Quebec conference resolutions of 1864 stipulated that the general parliament then proposed for Canada should have power to make laws for:

> The establishment of a general court of appeal for the federated provinces.

Section 101 of the British North America Act, 1867, subsequently enacted that:

> The parliament of Canada may, notwithstanding anything in this act, from time to time provide for the constitution, maintenance and organization of a general court of appeal for Canada.

During the parliamentary session of 1875 the Supreme Court Act was enacted, constituting such a general court of appeal for Canada. This act, in the section which I am now proposing that this parliament should amend, declared that the judgment of the

court, that is of the Supreme Court of Canada, "shall in all cases be final and conclusive." That declaration is again affirmed in the amending section now proposed.

But the judicial committee at that time took umbrage at the declaration of the Supreme Court Act that the judgments of the court should in all cases be final and conclusive, and prepared and submitted to the government at Westminster a memorandum in which they declared that to abolish this controlling power and abandon each colony and dependency to a separate court of appeal of its own would obviously be to renounce the last and most essential mode of exercising the authority of the crown over its possessions abroad.

Thus it clearly appears that eight years after the enactment of the British North America Act, 1867, Canada was still regarded as a colony, dependency and possession of the crown, over which her majesty's most honourable privy council, that is, the government of the United Kingdom, should continue to exercise dominion and supervision, although even then there was in Canada a growing consciousness of nationhood, which demanded that within well defined limitations the prerogatives of the crown should be exercised in respect of Canada by his majesty on the advice of the king's privy council for Canada.

Since then changes have gradually been effected in the constitutional powers of this dominion until the statute of Westminster, 1931, enacted that, except as to the provisions of the British North America acts, the powers of the parliament of Canada shall include the power to repeal or amend any act of the parliament of the United Kingdom, or any order, rule or regulation made thereunder, in so far as the same is now part of the law of this dominion.

In the exercise of the power then conferred this bill now proposes the repeal of the Judicial Committee Acts of 1833 and 1844 and of all orders, rules and regulations made under the said acts, in so far as the same are part of the law of Canada, in order and to the end that the judgments of His Majesty's Supreme Court in Canada which are rendered in the name and on behalf of his majesty, may, instead of the judgments of a committee of his majesty's government at Westminster, be and be deemed to be the final and conclusive exercise of his majesty's prerogative in all legal and constitutional controversies arising in respect of Canadian affairs.

As all such legal reforms should be effected without undue haste and with due regard for the public interest, the second section of this bill provides that the proposed act shall come into force upon a date to be fixed by proclamation of the governor in council, published in the *Canada Gazette*.

Motion agreed to and bill read the first time.

An hon. MEMBER: On division.

THE MINISTRY

RESIGNATION OF POSTMASTER-GENERAL—CORRESPONDENCE BETWEEN HON. J. C. ELLIOTT AND THE PRIME MINISTER TABLED

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members of the house will, I am sure, regret to learn that the Hon. John Campbell Elliott has thought it advisable for reasons of health to tender his resignation as Postmaster-General. Mr. Elliott's resignation has been accepted by His Excellency the Governor General. I am glad to be able to say that Mr. Elliott has told me that once relieved of the responsibilties of office, he hopes to be able again to take his seat as a member of this house and to continue to serve in that capacity.

I should like to lay on the table the correspondence which has taken place between Mr. Elliott and myself with respect to Mr. Elliott's resignation. Perhaps hon. members will allow the correspondence to appear in *Hansard* and thereby avoid the necessity of reading it at the moment:

Postmaster General
Canada

Ottawa, Dec. 31st, 1938.

Right Hon. W. L. Mackenzie King, P.C.,
Prime Minister of Canada,
Ottawa.

My dear Prime Minister:

While I have regained a good measure of my former health I feel as mentioned in a recent conversation that in the public interest I should not longer look forward to being sufficiently restored to strength at an early date to again actively assume full responsibility for the administration of the Post Office Department, and that before entering on another year, I should ask you to accept my resignation as Postmaster General.

In reluctantly requesting you to relieve me of the duties of the portfolio with which you entrusted me over three years ago I should like to express to you my sincere appreciation of your kindness and cooperation during the years that I have been a member of your government and the pleasure it has been to have been associated with you and all my other colleagues.

It is a real satisfaction to have been in the government during the time that the various

trade agreements which have been made during this parliament were effected. I confidently hope that they will have a highly beneficial effect upon the trade and business of this country and upon the success and happiness of the Canadian people.

It will always be a source of pride to me to have had the privilege of serving under the leadership of one who will rank in history among the greatest upholders of democracy and whose public services have so materially strengthened the structure of the British commonwealth.

It is my sincere hope that you will be spared to give to this country the benefit of your guidance for many years to come.

With best wishes for the New Year,

Yours sincerely,

J. C. Elliott.

Ottawa,
December 31, 1938.

The Honourable J. C. Elliott, M.P.,
D.C.L., K.C.,
Postmaster General,
Ottawa, Ontario.

My dear Elliott:

I have just received your letter of to-day, in which, for reasons of health, you ask to be relieved of responsibility for the administration of the Post Office Department, and tender your resignation as Postmaster General.

As you are well aware, I have all along shared the hope that the impairment of your health would prove but temporary, and that, with rest and change, you would be in a position to continue to administer the affairs of the Post Office Department over which you have presided since the administration came into office in 1935.

I am delighted that your health is so much improved. I agree, however, with you that, instead of continuous improvement in your physical condition, you might encounter a setback were you, either immediately or in the near future, to attempt to resume the duties and responsibilities of a minister of the crown. In your own interest, therefore, as well as in the public interest, I feel you are right in asking to be relieved of the duties of your present office. I shall accordingly, early in the New Year, recommend to His Excellency the acceptance of your resignation.

I shall be deeply sorry to lose you as a colleague in the government. For over twelve years we have been together in the House of Commons, and, of that time, for more than seven years have sat together at the council table. I cannot be too grateful for the loyal and helpful cooperation which you have given me as leader of the party and of the government during the course of those years. I should be distressed indeed did your retirement from the government mean your retirement from public life. Happily, the reverse, I believe, will prove to be the case, and that the restoration of your health will be much accelerated by freedom from the duties and responsibilities of office. This, I trust, may mean for you many years of continued public service.

I thank you warmly for the much too kind personal references of your letter. I need not tell you how deeply they are appreciated, coming as they do from so close a colleague, and so old and true a friend.

May I add that my regret at losing you as a member of the government will be shared by every one of our colleagues. All, however, will rejoice that our association in the House of Commons is to continue, and we shall all hope for the early complete restoration of your health.

With every good wish for the New Year,

Believe me, as always,

Dear Elliott,

Yours very sincerely,

W. L. Mackenzie King.

CABINET APPOINTMENTS—MR. MCLARTY AS POSTMASTER-GENERAL AND MR. J. A. MACKINNON AS MINISTER WITHOUT PORTFOLIO

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, His Excellency has to-day been pleased to appoint as a member of the King's Privy Council for Canada and as Postmaster-General, Norman Alexander McLarty, K.C., member for the electoral district of Essex West.

His Excellency has also been pleased to appoint James Angus MacKinnon, Esquire, member for the electoral district of Edmonton West, a member of the King's Privy Council for Canada and to be a member of the administration and minister without portfolio.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like to offer my hearty congratulations to the two hon. gentlemen who have been admitted to the King's Privy Council for Canada. I have not the honour of knowing at all well the hon. gentleman who has been made Postmaster General (Mr. McLarty). I know a good deal more of the hon. gentleman who has been appointed minister without portfolio (Mr. MacKinnon). I am sure that so far as within them lies they will do very good work as members of the government, and I heartily congratulate them and wish them well.

I am very sorry that Mr. Elliott's health makes it impossible for him to carry on his heavy duties as minister, and I wish him a full recovery to health.

UNEMPLOYMENT

ARREST OF SINGLE UNEMPLOYED MEN IN TORONTO

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): On Friday last I asked the Minister of Labour (Mr. Rogers) a question about a number of single transient unemployed men in Toronto who were to come up for trial last Saturday. Since then I have

been informed, and I presume the minister has had the same correspondence, that these young men have been remanded for a week, in which event they will come up for trial next Saturday. As the matter is so urgent I am bringing it up again to-day. The letter I have received states that there are some five hundred single unemployed men in the category of transients in Toronto, and as the Minister of Labour is to speak in the debate to-day, if he does not wish to answer at the moment, I would ask him in his remarks later to inform the house what responsibility the dominion government takes in respect of this very serious situation in Toronto.

Hon. NORMAN McL. ROGERS (Minister of Labour): My information with regard to this matter corresponds with that just given to the house by the leader of the opposition (Mr. Manion). The commissioner of welfare of the city of Toronto, Mr. Laver, was in Ottawa on Saturday, and brought certain information to me with respect to the transient situation in that city. I have since communicated with the Hon. Eric Cross, minister of public welfare in Ontario, and hope to be able to make a further announcement within a short time.

Mr. H. G. CLARKE (Rosedale): I am pleased to see that the question I had prepared to ask the Minister of Labour (Mr. Rogers) has been asked in part by our leader (Mr. Manion). I should like to ask further if the minister will intercede as soon as possible in behalf of the unemployed seventy-five persons who are in the Toronto gaol.

Mr. ROGERS: As has been already stated to the house by the leader of the opposition (Mr. Manion), the men who were arrested for violation of a city by-law have been remanded for a week. Any action to be taken with respect to the matter will be considered in the interval.

SITUATION IN AYLMER, QUEBEC—SUGGESTED EMPLOYMENT ON GATINEAU PARKWAY

On the orders of the day:

Mr. RODOLPHE LEDUC (Wright): Can the Minister of Labour tell the house whether any steps have been taken to deal with the critical situation in the town of Aylmer caused by lack of work and failure of the provincial government to arrange for granting relief to the needy?

Hon. NORMAN McL. ROGERS (Minister of Labour): The situation in Aylmer was brought to my attention by the hon. member who has just spoken, also by the mayor and a number of members of the council of the town of Aylmer. Following that interview I wrote to the premier of the province of Quebec bringing to his attention the fact that a sum of money amounting to $115,000 had been allocated to that province for the rehabilitation of older unemployed persons, and suggesting that, since that money had not been taken up by the province of Quebec, it might be possible that a portion of it could be diverted for the relief of this situation in Aylmer. The suggestion has been made that a considerable number of people in that area could be usefully employed on the Gatineau parkway. I have not yet received an answer from the premier of Quebec, but I am hopeful that either through an answer from him or in some other way early action can be taken to relieve the situation of which the hon. member has spoken.

FISHING INDUSTRY

LOSS OF LOBSTER TRAPS AND EQUIPMENT ON WESTERN COAST OF NOVA SCOTIA

On the orders of the day:

Mr. R. E. FINN (Halifax): May I direct the attention of the Minister of Fisheries (Mr. Michaud) to the lobster industry on the west coast of Nova Scotia, starting at Cole Harbour in the county of Halifax and running westward to the southeastern end of Digby county which is a part of Yarmouth county. A major disaster occurred there as the result of a terrific gale which swept away their traps and equipment. I wish it to be well understood that I am placing no blame upon the Minister of Fisheries or his department. My representations were made nearly six weeks ago. Upon coming to Ottawa, an amount of money was appropriated, namely $100,000. After the amount was fixed—

Mr. SPEAKER: Order. Will the hon. member put his question now?

Mr. FINN: I will ask the minister the question. I was going to relieve him of responsibility, but have been stopped, so therefore he will have to take it. I should like to ask whether the government of Nova Scotia, which has been interrogated many times, has given any final answer. In connection with that, I would ask the minister that all correspondence between the provincial government and the dominion government with reference to the reestablishing of the lobster fishermen be placed upon the table of the house.

Mr. SPEAKER: That is not a question which should be put on the orders of the day.

Mr. FINN: I cannot hear you, Mr. Speaker.

Mr. SPEAKER: I said that this is not a proper question for the orders of the day. It should have been put by the hon. member on the order paper.

Mr. FINN: I was not so advised, Mr. Speaker, by the clerk of the house. I was advised the other way.

Mr. SPEAKER: It should have been put on the order paper as a notice of motion.

Mr. KINLEY: With regard to the difficulties of the lobster fishermen of Nova Scotia, may I ask the minister whether he did not make a suggestion or offer to contribute towards the relief of these men?

Mr. SPEAKER: That question should be placed on the order paper and not be asked on the orders of the day.

Mr. KINLEY: I asked the question only because I feared that there might be some confusion in view of the answer given the hon. member for Halifax (Mr. Finn).

Mr. SPEAKER: No answer was given the hon. member for Halifax.

Mr. KINLEY: Perhaps the minister would like to answer my question, Mr. Speaker.

Hon. J. E. MICHAUD (Minister of Fisheries): In order to keep the record straight, I understood you to rule, Mr. Speaker, that the hon. member for Halifax did not ask a question but asked for the production of papers. In reply to the hon. member for Queens-Lunenburg (Mr. Kinley) I may say that his statement is correct. An offer was made by the Department of Fisheries to the government of the province of Nova Scotia looking to cooperation for the relief of the situation in that province.

FISH TRAPS IN PACIFIC COAST WATERS

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I have to ask a question of the Minister of Fisheries (Mr. Michaud)—perhaps he would allow me to make it two questions, seeing that the matter is urgent and the order paper route would be too slow.

Has the minister's attention been drawn to an item appearing on the front page of the Vancouver *Sun* of January 19, and dated Olympia, Washington, stating:

> Two fish trap bills designed to restore fish traps to Washington water . . . are being drafted by the Senate Fisheries Committee and will be filed within a few days.

The second question is: In view of that fact, is he prepared to take the responsibility of maintaining our traps, only 4 in number, as against their 219, knowing that the results will be that our catch in those waters will drop from eighty per cent, as it is at present, to thirty per cent, as it used to be when the American traps were operating.

Hon. J. E. MICHAUD (Minister of Fisheries): My attention was not drawn to the item as published in the Vancouver paper or to the subject matter that has been referred to. The further question of the advisability of reciprocating or of maintaining the policy of issuing fish trap licences is being considered at the present time.

RADIO BROADCASTING

REFUSAL OF BROADCASTING PRIVILEGES TO PUBLISHER OF TORONTO GLOBE AND MAIL—BROADCAST BY SIR EDWARD BEATTY

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): I gave a short notice to the Minister of Transport (Mr. Howe) of some questions I desired to ask of him.

In an Ottawa dispatch to the *Gazette*, of Montreal, published on January 14th instant, the Minister of Transport, in referring to the McCullagh broadcasting incident, is reported as making a statement that—

> One case in point, which became an issue, was a similar request by Sir Edward Beatty. He wished to buy time on a chain and was refused.

I desire to ask three questions of the Minister of Transport. First, did the minister make the statement so reported? Second, has the minister since then informed himself of the relevant facts? Third, is the statement, so reported, true or false?

Hon. C. D. HOWE (Minister of Transport): I regret that I omitted inadvertently in my statement of last Friday to deal with this situation. I had intended to deal with it as well as with one or two other references that have been made in the house. I did refer however to the one-minute interview which I gave to the reporter for the *Globe and Mail*, and the unfavourable circumstances surrounding it. As I remember it, the reporter asked if this was the first occasion on which the rule had been applied. I said that it was by no means the first occasion. He then asked me to name one occasion on which it had been applied. My mind flashed back to a discussion in the board of governors which had been reported to me of the propriety or otherwise of Sir Edward Beatty having purchased a wire network to deliver a speech giving one side only of a very controversial

question. It was my recollection at that time that the discussion had taken place prior to the application and that the application had been refused. I have since taken the trouble, however, to ascertain the facts. I find that it was the discussion of an event which had taken place. The broadcast had been given, and no further application had been made.

Therefore, to answer the questions categorically:

First, did the minister make the statement so reported?

The answer is yes, substantially. I will not argue about the variations in wording.

Second, has the minister since then informed himself of the relevant facts?

The answer is, yes.

Third, is the statement, so reported, true or false?

The statement I made was incorrect, and I wish to state while I am on my feet that I tender a public apology to Sir Edward Beatty for having brought his name into that interview.

EMPLOYMENT OF WAR VETERANS AS CANVASSERS FOR RADIO LICENCES

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I should like to ask the Minister of Transport (Mr. Howe) the following question: Will the ex-service men to be appointed by him as radio licence vendors this year receive these jobs upon the recommendation of the officials of the local units of the veterans' organizations, where such organizations exist throughout Canada?

Hon. C. D. HOWE (Minister of Transport): I believe I answered the same question last Friday. In fuller explanation I may say that I was approached by the leaders of certain organizations of ex-service men asking that ex-service men be employed as vendors of radio licences. After some discussion I entered into an arrangement, which seemed to be entirely agreeable to the ex-service men, to the effect that ex-service men would be used for this work as far as they may be available. I pointed out, however, and the ex-service men's committee agreed with me, that the Minister of Transport being responsible for the collection of licences, must take responsibility also for the selection, from those available, of the particular ex-service men who will do the work. That is the situation as I stated it last Friday.

Mr. LENNARD: On whose recommendation would they be appointed?

[Mr Howe.]

ADDRESS OF MANAGING DIRECTOR OF LONDON LIFE OVER NATIONAL NETWORK

Hon. C. D. HOWE (Minister of Transport): On Friday last the hon. member for Greenwood (Mr. Massey) asked, on the orders of the day, a question which was sent to the Canadian Broadcasting Corporation and to which I have received an answer. The question asked by the hon. member was:

Last evening at 7.15 over station CFRB, on a trans-Canada network of twenty-nine stations, Mr. Edward Reid, managing director of the London Life Insurance Company, broadcast an address which was advertised as:

A message to the general public, which will be of particular interest to the owners of the 700,000 policies issued by this company.

Would the minister be good enough to explain to this house why, if Mr. George McCullagh, publisher of the *Globe and Mail*, was banned from the use of a network to broadcast a message to the general public and the readers of the *Globe and Mail*, Mr. Reid was granted the use of a network to broadcast a message to the general public and his policyholders?

The Canadian Broadcasting Corporation gives me this reply:

On December 3rd application was made on behalf of the London Life Insurance Company to buy time to enable the vice-president of the company to speak briefly to their policyholders dealing with the principles upon which life insurance was operated. The application for the CBC national network was refused. In view, however, of arrangements made independently by the agents of the London Life Insurance Company with privately-owned stations antedating the extension of CBC network regulations to all networks, it was decided to give permission for this fifteen-minute program of institutional advertising to be accepted by a network of privately-owned stations concerned.

REPORTED PURCHASE OF SITE FOR NEW STUDIO IN OUTREMONT

Mr. DENTON MASSEY (Greenwood): I should like to direct another question to the Minister of Transport (Mr. Howe) concerning a matter involving the expenditure of some $800,000 of public money. A dispatch in the Montreal *Gazette* to-day reads in part as follows:

CBC may purchase site in Outremont.

Proprietors asked to approve sale of land for studio. . . . New radio building project to cost $800,000. . . .

If the plan materializes, the building will be erected . . . immediately adjoining the Mount Royal cemetery.

No statement could be obtained last night from CBC officials as to whether or not the corporation had definitely decided to acquire the Outremont site if proprietors approved.

The minister may not be in a position to make a statement to-day, but I do feel

that the house should be given information in this matter perhaps to-morrow. Would the minister make a statement concerning the matter?

Mr. HOWE: No formal application that would permit the construction of this building has been received by the government.

BRITISH FOREIGN POLICY

REPORTED CRITICISM BY VANCOUVER RESIDENT AND SUBSEQUENT ACTION OF MOUNTED POLICE

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): In The *Nation* of New York, in the issue of January 14, there is a news item which I should like to read and upon it to base two or three questions. The item reads:

> Some weeks ago Mr. M. S. Reynolds, a resident of Vancouver, wrote a letter to Neville Chamberlain criticizing British foreign policy. Shortly afterward—on November 23—Mr. Reynolds was visited by two plainclothes members of the Royal Canadian Northwest Mounted Police. Producing a copy of the letter he had sent to Chamberlain and of another he had sent to Lord Lloyd, they warned him not to write such letters again.

I should like to ask these questions: (1) Is this incident, as reported, a fact? (2) If so, were the officers acting under instructions? (3) Is such action a part of government policy?

Right Hon. W. L. MACKENZIE KING (Prime Minister): This is the first time I have heard of the article to which the hon. member has referred and therefore I am unable to answer his question in the way in which he would like to have it answered. I shall be glad to have it stand as a notice and I will reply to it later.

Mr. FINN: In view of the fact that $100,000 has been allocated and has been available for the reestablishment of lobster fishermen along the coast of Nova Scotia from Cole Harbour to the southeastern side of Digby county, which is part of Yarmouth county—

Mr. SPEAKER: Order. The question to which the hon. member is leading up is one that should be placed upon the order paper and not asked on the orders of the day.

Mr. FINN: I bow to your ruling, Mr. Speaker, but it did not seem to apply to the leader of the Cooperative Commonwealth Federation.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Friday, January 20, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion and the amendment to the amendment of Mr. Woodsworth.

Hon. NORMAN McL. ROGERS (Minister of Labour): Before I proceed with what I had intended to say I hope I may be permitted to extend congratulations to the two hon. members who have just been appointed to the king's privy council in Canada. May I also express, what I am sure is in the minds of hon. members, regret that for reasons of ill-health the former Postmaster General (Mr. Elliott) has found it necessary to retire. Certainly, in the period of the present government, he has won the respect and warm affection of his colleagues, and I am sure that this feeling is shared by all members of the House of Commons.

In continuing the debate I should like to add my own congratulations to those already extended to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address, upon the exceptionally able manner in which they performed their duties a week ago. The tributes paid to their speeches in turn by the Leader of the Opposition (Mr. Manion) and the Prime Minister (Mr. Mackenzie King) have been repeated by other hon. members who have spoken from all sides of this house. There has also been complete unanimity and concord in the congratulations extended to the hon. leader of the opposition on his return to parliament. As we listened to him the other day I observed that he usually followed his most telling thrusts with a genial smile, and I can assure him now that when he is discussing questions of unemployment —and no doubt I shall be the target of his attacks quite frequently in the future—I shall try to remember the smile as well as the thrusts. As a matter of fact I was not entirely surprised that my hon. friend himself had to smile at some of his observations on trade and employment. I am quite sure that he did not intend them to be taken too seriously.

But the leader of the opposition has already scored one diplomatic victory which may have contributed something to his good humour on that occasion. He has succeeded, as his predecessor did not, in bringing back into the Conservative fold the sheep that was lost, and for better or worse has joined the

fortunes of his own party and the Reconstruction party. We have yet to learn what the terms of reconciliation have been; we do not know whether the Reconstruction party is to be conserved or the Conservative party reconstructed. There may be no significance at all in the fact that in the physical sense at least the hon. member for Kootenay East (Mr. Stevens) has moved from the extreme left to the extreme right. But I was under the impression, as I think most hon. members were, that the Reconstruction party had principles and policies as well as a leader, and that there was also some reason to believe that these principles and policies were not entirely congenial to all the members of the Conservative party. But upon these questions no doubt we shall be enlightened when the hon. member for Kootenay East has spoken in the present debate.

For the remainder of my time I intend to confine myself entirely to the subject of unemployment, and in doing so I shall follow the speech from the throne and the comments thereon which were made by the leader of the opposition in the course of his speech of last Monday.

In the first place I want to point out that the reference made by the leader of the opposition to unemployment had little or no relationship to the amendment which he moved at the close of his speech. The amendment states in general terms that this government has failed to take appropriate measures to relieve conditions of unemployment and economic insecurity. The leader of the opposition did not refer to these measures, nor did he attack them at any time in substance. As a matter of fact, as pointed out later by the Prime Minister, he ignored entirely the paragraphs of the speech from the throne which referred specifically to the several measures taken by this government to deal with questions of unemployment and relief. Not only that, but he failed in the course of his three hours' speech to suggest any other measures which would be more appropriate to relieve the existing situation, and this despite the fact that the Conservative party held a national convention in this country six months ago and that my hon. friend has been leader of the Conservative party during the succeeding period.

I have examined closely the speeches made by the leader of the opposition in recent months. I did so because I hoped to find in them some alternative and more appropriate measures which he himself would apply to relieve the existing situation with respect to unemployment. I hope he will correct me if I am wrong when I say that as far as I have been able to examine his speeches concerning unemployment he has made only three specific proposals which have any actual connection with that problem. His first proposal was that the dominion government should take over the entire burden of unemployment relief. I hope my hon. friend will make it clear to the house and the country, either now or later, whether when he made that statement he had in mind the assumption by the dominion government of the existing relief burden in Canada, including the very large number of unemployables and indigents who have found their way upon relief rolls in the various provinces.

Mr. MANION: I am sorry to interrupt, but if I may do so, the fact is I did not take that attitude. If the hon. gentleman, who says he has read all my speeches very carefully, had read that one very carefully, he would not find that I made exactly the statement he has quoted at all. He would find that I said something to the effect of "in greater part." The Canadian Press in all its reports across this country said that. I admit that in many of the newspaper comments on my speech it was said that I made the statement that the dominion government should take it over completely. But if my hon. friend will look up the Canadian Press report or the report in the Toronto *Globe and Mail* he will find they confirm my statement that I did not say that, because I checked these reports myself and they are correct.

Mr. ROGERS: Then I understand from the leader of the opposition that he does not intend that the dominion government should take over the relief burden completely?

Mr. MANION: I am not going to make a statement of policy just now. I am discussing the subject which the hon. gentleman is discussing; I am not going to give in reply to a question the policy of the Conservative party.

Mr. ROGERS: Well, my hon. friend suggested that I was misquoting him. I quote from the Montreal *Gazette,* which at least would have no motive in misquoting my hon. friend—

Mr. MANION: I am not so sure of that, even.

Mr. ROGERS: This is from a speech delivered by the leader of the opposition at Barry's Bay on August 10:

The dominion government, must assume the burden of relief costs, enabling a reduction in

existing heavy municipal taxation which is retarding business recovery. Hon. R. J. Manion, federal Conservative leader, said in an address here to-day.

Mr. MANION: If I might interrupt, is that a Canadian Press report or the report of a representative of the Montreal *Gazette*?

Mr. ROGERS: That is a Canadian Press report.

Mr. MANION: I have many of the Canadian Press reports upstairs; I particularly checked them, and they do not say that I said that the Canadian government should take over the whole burden of unemployment relief.

Mr. ROGERS: I have simply quoted the dispatch as I have it here.

Mr. MANION: Is that the heading or the body of the dispatch?

Mr. ROGERS: It is the lead of the dispatch.

Mr. MANION: Never mind the lead; quote what I said.

Mr. ROGERS: This indicates what the correspondent understood was in the mind of the leader of the opposition on that occasion. I see no reason to continue this digression. I shall be glad to pass over the dispatch to my hon. friend.

Another proposal was made by the leader of the opposition in the course of the Brandon by-election, to the effect that he believed that those who were on relief could be very usefully employed in constructing dustless highways in Canada. I have no complaint at all with respect to the suggestion of my hon. friend that it would be useful to construct dustless highways, but I am sure no hon. member believes that a project of that kind represents what might be termed appropriate and effective measures for curing unemployment in this country.

Mr. MANION: Again I am sorry to interrupt, but we want the matter clear as we go along. I gave that as an illustration. I pointed out in that speech and in others that we had spent about $500,000,000, in fact more, on relief, without getting anything in return. I considered that instead of getting nothing in return that money should be used for public works of various kinds, and I gave dustless highways as an example.

Mr. ROGERS: On that point I have not the Canadian Press but I have a report of tthe Brandon *Sun*, which has not been notorious for its support of the present government. That report says:

> The aim of the national Conservative party is to use money now spent on direct relief for such public works as dustless roads, Hon. R. J. Manion, the party leader, said to 1,700 people who gathered to hear him in the armouries Wednesday night. "It can be done and will be done by the party I'm leading when I get into power," said Doctor Manion.

Mr. MANION: "Such public works." I have no objection to that report. That is correct.

Mr. ROGERS: Then the third suggestion made by my hon. friend was that there should be established in this country, and there would be if he came into power, a ministry of youth. I am not going to comment on that at any length. But I would simply put this to him, that you do not solve a problem simply by appointing a minister to deal with it.

Mr. MANION: You ought to know.

Mr. ROGERS: I know something about it, and I am going to speak of that a little later on. You might as well say you can bring about prosperity in this country by appointing a minister of prosperity. You do not deal with the youth problem by appointing a minister of youth. May I say further that I have a keen interest in the youth problem, as anyone would who occupied the position I have occupied for the last three years. But if it is a matter of youth training it must, to be done effectively, be done in cooperation with the various provincial governments which control education, which have effective control over factories and which at the present time control the employment services of this country. Or if it is intended rather to establish special works projects for youth I would remind my hon. friend that the federal government has a number of departments already organized for that purpose and if, for example, it appeared to be expedient to establish special projects for youth such as forest conservation, obviously it is desirable that such a project should be set up under the department that now has a forestry service rather than by an entirely new department which would duplicate services already in existence.

I am not going to labour that point now. No doubt we will have occasion to deal with it later, but so far as I have been able to discover those are the only three specific proposals made by the leader of the opposition in connection with this great problem of unemployment.

Now may I refer briefly to the paragraph in the speech from the throne which sets out precisely and modestly what actually has been done by this government in the way of

introducing new measures to deal with various phases of that general problem. This is the paragraph:

The dominion government have taken active measures to stimulate private employment through the home improvement plan, the National Housing Act, and the Municipal Improvements Assistance Act. Under those measures certain local taxes have be assumed, and loans made to individuals, organizations and municipalities. The sales tax has been eliminated on important building materials. Special aid has been given to the mining industry by subventions, tax exemptions and improved transportation facilities. At the same time, direct employment has been increased through a substantial expansion of federal public works, and through assistance given to the provinces in the construction of highways, for land settlement, for special projects for farm employment and for forest conservation.

The leader of the opposition and others of his group who have taken part in this debate from time to time have accused this government of inaction. They may say it has been wrong action, but in the light of that paragraph and in the light of the results obtained under those policies they cannot accuse the government of inaction with respect to this problem. And the policies indicated here are entirely apart from contributions made by the dominion government to the various provinces, to assist those provinces in the distribution of direct relief to those in need.

After we came into office one of the first actions taken was to increase the grants in aid, which prevailed under the late administration, by seventy-five per cent in order to relieve the burden upon the municipalities, an object which my hon. friend now says is one which thoroughly deserves the support of this parliament. But the various policies indicated here are a reflection of the conviction of this government that if you are going to deal with unemployment through the provision of work it is wise first of all to try to expand private employment rather than public employment. In the first opportunity I had to speak in this house I stated my own firm conviction that regardless of what might have to be done in the way of expanding public employment it was the first duty of government in a democratic state to take measures to expand private employment. And we have done just that. I took that view because in other countries I had seen that, apart from the regrettable loss of morale that comes from idleness, there is another form of lack of morale which comes from the increasing dependence of large bodies of our people upon employment afforded by governments. So we took the position, in the open, that we would meet our obligations as we saw them with respect to providing subsistence for those in need; that we would do what we felt reasonably could be done in the way of expanding public works if private employment would not do its part, but that above all we would take the measures that lay at our hands to stimulate employment in private industry, and we have done just that.

Mr. CAHAN: What have you done to stimulate private industry?

Mr. ROGERS: If my hon. friend will permit me to make my own speech I hope to convince him very shortly in regard to what has been done in that respect.

Some hon. MEMBERS: Tell us.

Mr. ROGERS: Yes, I propose to do that. When we came into office it was found that the natural outlets for our products in foreign countries had been lost, in some directions, and restricted, in some directions, by the policies of the late administration. We adopted policies of trade expansion which already have had their reflection in two reciprocal trade agreements with the United States, and through those trade agreements we have had markets for our products which we did not have before.

Mr. CAHAN: And destroyed private industry in this country.

Mr. ROGERS: Under those agreements we have also brought about, as pointed out the other day by the Minister of Agriculture (Mr. Gardiner), an increase in the employment afforded in this country; and it could not be otherwise. Even the leader of the opposition, during the course of his speech, pointed out that on the basis of unquestionable surveys made by competent authorities there was a correlation between a decline in international trade and a decline in employment, between an expansion in international trade and an expansion in employment; and no one can say that this government has shown inaction in seeking to find new markets for the products of this country. Does it lie in the mouths of hon. members opposite to accuse us of inaction in that respect when the reciprocity negotiations of 1935 were left in mid air because hon. gentlemen opposite were not prepared to go the last mile in order to get that trade agreement for this country?

But that is not all, Mr. Speaker. In the nature of things trade in this post-war world has been difficult to expand, but this government has never adopted a policy of defeatism with respect to possibilities in that direction. We realized that there were other industries in this country that also might be stimulated by government assistance, and we have given

assistance to the mining industry, through tax remissions and the improvement of transportation facilities. We have given assistance to the building industry, as a result of which already over $50,000,000 has been expended under the National Housing Act and the home improvement plan. Will my hon. friends suggest that that has not been a useful means of stimulating employment in private industry? Not only that, but this employment in the building trades has been of distinct advantage in that it has been distributed right across Canada. For instance, it has afforded employment where it was most needed, in the great industrial provinces where the percentage of unemployment is at the highest. And with respect to the home improvement plan, there are moneys still available and loans are still being made, while the National Housing Act, as expanded last year, is providing new means of affording a still greater degree of private employment in the building industry.

Now as to public employment. Under the Municipal Improvements Assistance Act—I place this under public employment but in one sense it might have been placed under private employment because it is not concerned with projects which come under the control of the federal administration—which has been in existence only a few months, useful self-liquidating projects are now being constructed in many provinces. For example, one of these projects is being proceeded with in Vancouver, representing an outlay of $750,000. Another one in Vancouver will cost $390,000. There is one in Nanaimo to cost $200,000; one in Edmonton, $150,000; one in Lethbridge, $100,000. Five projects are being carried on in Calgary. In Saskatchewan the amounts run up to $628,000, while in New Brunswick they total $402,000. Can anyone suggest that the works represented by these measures have not had the result of offering more employment than would otherwise have been given?

So far as public employment is concerned I would point out that through dominion-provincial works and federal works of conservation and development we have succeeded year by year in diverting a very considerable amount of money into expenditures which are not only increasing immediate employment, but developing the assets of this country, particularly in our national parks and tourist industry, in a manner that ultimately will lead to a large expansion of employment.

The other day my hon. friend spoke of his difficulty in obtaining statistics on unemployment. I am not going to deal with this question at any great length, but I think it will be useful perhaps to clear up any confusion which may exist in his mind because of the fact that the statistics with respect to unemployment and unemployed on relief come from different sources. First of all, as to the figure he obtained from the bureau of statistics with regard to the unemployment that exists in this country, I would simply remind him that it is only an estimate. If he had glanced over the return that came to him he would have found the following description of this estimate:

> These figures, prepared in the Dominion Bureau of Statistics, are, of course, only estimates. They are based upon—(1) the records of the trade union; (2) of the employment services of Canada; (3) the bureau's index of employment in firms; and (4) the population trend.

May I point out this further fact to all members of the house? Those figures were given out even before the onset of the present depression. I doubt if there is any other country where there is as large a proportion of seasonal employment as there is in Canada. Seasonal unemployment, which does not of necessity mean dependence upon the state, is included in the figures given by the bureau of statistics. I do not think it is necessary to say more in confirmation of that statement than to say that in January, 1930, before the onset of the depression, figures similar to those given the other day by the hon. gentleman showed an estimate of 297,000 wage earners unemployed. May I remind the house that at that time no one had suggested that a situation had arisen which called for the distribution of direct relief by this country. We may take it for granted then that this estimate of unemployed includes a very considerable number of those who could be described as seasonal unemployed.

Now, as to registration. I agree with my hon. friend that it would be extremely useful if we could have before us at all times an accurate registration of the unemployed. This country is not the only one in which this problem has arisen. I know of no country with which we are in active contact which has that kind of accurate representation of the unemployed from month to month. I suppose Great Britain comes closest to it. They have it because they have a system of unemployment insurance and labour exchanges which permits accurate returns from month to month with respect to insurable groups. But the British figures are confined to insurable groups in so far as they are actual registrations rather than estimates.

It may be recalled by some hon. members that about a year ago a demand arose in the United States for a registration of the unemployed, and congress voted an appropria-

tion of $5,000,000 for that purpose. The president called in a very prominent industrialist —if I remember correctly it was the president of the American Rolling Mills—and asked him if he would head a commission to undertake what might be termed an accurate census of the unemployed. They set up an effective organization through the post office and cards were sent out to every person for whom an address could be obtained. When the returns came in, the head of the commission said that they were entirely unsatisfactory in so far as representing the actual situation was concerned. Indeed I have a statement here to the effect that the voluntary registrations were liable to an error of some thirty per cent; that is, thirty per cent of the unemployed did not bother to register, and naturally this factor of error would affect appreciably the result obtained.

The question of the registration of the unemployed as distinct from those on relief was considered by the national employment commission as one of its first tasks. They recommended that instead of setting out in this extremely uncertain way to register the unemployed, it would be preferable that we should obtain our statistics from those who are actually on relief. These people would be registered by compulsion, if you will. The registration which has been in existence for the past two years is the registration recommended by the national employment commission as being the most practical and, all things considered, as the most useful to the government. I would say to my hon. friend that that registration is a registration of those on relief. I shall be glad to give my hon. friend a copy of the form sent out from Ottawa for distribution to relief recipients in all municipalities in all provinces.

Mr. MANION: Is there not one province to which they are not sent?

Mr. ROGERS: All provinces.

Mr. MANION: I thought New Brunswick was missed.

Mr. ROGERS: I am glad my hon. friend mentioned that. This is a registration of those receiving material aid. For the last year—I may have to correct that and say the last two years, but I will make sure later—the province of New Brunswick has not distributed relief, and for that reason we do not get returns from them of material aid. All the other provinces do send in the returns. As these figures come in to the registration branch, which was transferred to the Department of Labour after the national employment commission was dissolved, they are carefully collected and the information is assembled by sorting machines. This composes the report from time to time of registration statistics of those on relief. This information has been found extremely useful, and not only in connection with the government's publication of these figures and the separation of agricultural aid from urban aid; it has proven to be of considerable value to the municipalities and the provinces. The registration forms go through these other agencies which distribute direct relief.

I should like to place on *Hansard,* as I did last year, the results of the latest registration by regions in this country. As hon. members are all aware, this country practically divides itself into four regions, the maritime provinces, the central provinces, the prairie provinces and British Columbia. In setting forth these registrations figures last year I thought it would useful if I indicated the trend in each region. I may say briefly that in the two years from November, 1936, to November, 1938, the three zones other than the prairie provinces showed réductions in total numbers of persons on aid. The maritimes recorded a reduction of 43·7 per cent; central Canada of 43·3 per cent; British Columbia of 14·3 per cent, while the prairie provinces showed an increase of 12·5 per cent. In urban aid alone all zones showed a decrease: 44·1 per cent in the maritimes; 37·7 per cent in central Canada; 2·3 per cent in the prairie provinces and 14·2 per cent in British Columbia. In agricultural aid decreases were shown in other than the prairie provinces, where an increase of 22·5 per cent was recorded. Agricultural aid is not a large factor in the three other zones, however. In the two years to November, 1938, the dominion total of persons on both urban and agricultural aid reduced by 22·7 per cent; in the same period the dominion total on urban aid reduced by 29·2 per cent and on agricultural aid, by 6·1 per cent.

I want to take the house entirely into the confidence of the government with respect to these figures. They are given, I need hardly say, exactly as they come to us from the registration branch month by month; and during the past year, particularly in recent months, the figures have not been as encouraging as they were earlier in the year.

From November, 1937, to November, 1938, the prairie provinces showed 20·2 per cent reduction in totals of all classes on aid, while increases were shown in the other zones as follows: Maritime provinces, 8·3 per cent; central Canada, 8·4 per cent; and British Columbia, 9·8 per cent. Comparing the changes in numbers on urban aid only as

between the same dates, the maritime provinces showed an increase of 8·0 per cent; Ontario and Quebec, of 6·9 per cent; and British Columbia of 9·4 per cent; in this comparison the prairie provinces showed a reduction of 5·7 per cent. Agricultural aid showed a decrease in the prairie provinces from November, 1937, to 1938 of 26·4 per cent, but each of the other three zones showed increases in numbers on agricultural aid—though agricultural aid is not a considerable factor apart from the prairie provinces.

Net changes in the dominion totals in the year to November, 1937, were: a decrease of 7·7 per cent in the total of all persons on aid; an increase of 3·5 per cent in the totals on urban aid; and a decrease of 23·6 per cent in the total on agricultural aid.

To sum up: from November, 1936, to November, 1938, the grand total of all persons on material aid decreased by 22·7 per cent, and, comparing the same months in 1937 and 1938, there was a decrease of 7·7 per cent from 1937. Numbers on urban aid decreased by 29·2 per cent in the two years to November, 1938, although from 1937 to 1938 there was an increase of 3·5 per cent. Numbers on agricultural aid were 6·1 per cent more in November, 1938, than in November, 1936, but were 23·6 per cent less in November, 1938, than in November 1937.

If the house will permit me I should like to place this material on *Hansard* just as it is given, for the information of members, also tables which I think might be useful:

From the National Registration

Percentage Changes in Total Numbers on Material Aid from November, 1937, to November, 1938, and from November, 1936, to November, 1938

Urban Aid and Agricultural Aid are Shown Separately

	Percentage change November, 1937 to 1938			Percentage change November, 1936 to 1938		
	Urban aid	Agricultural aid	Total	Urban aid	Agricultural aid	Total
Maritimes	+ 8·0	+22·3	+ 8·3	−44·1	− 5·1	−43·7
Central Canada	+ 6·9	+64·1	+ 8·4	−37·7	−82·4	−43·3
Prairie Provinces	− 5·7	−26·4	−20·2	− 2·3	+22·5	+12·5
British Columbia	+ 9·4	+13·0	+ 9·8	−14·2	−15·6	−14·3
Dominion	+ 3·5	−23·6	− 7·7	−29·2	− 6·1	−22·7

Dominion Totals on Material Aid	*November 1938	November 1937	November 1936
on Urban Aid	532,000	363,073	750,906
on Agricultural Aid	277,000	513,475	295,461
Total	809,000	876,548	1,046,367

*Figures for November, 1938, are subject to revision.

So much for the past; so much for the present.

Mr. MANION: Before the minister gets away from unemployment registration, might I ask him to make this clear, that there is not to-day outside of those on aid any registration of the unemployed, either transients or any other group of the unemployed. That is my understanding.

Mr. ROGERS: My hon. friend is entirely correct. The registration is confined to those who are in receipt of material aid, and who register for material aid. In fact, it is their registration that enables the figures to be got.

Mr. MANION: That was exactly the position I took the other day. The minister and his leader criticized us very severely because we had no registration of the unemployed, and I pointed out that there was still no registration of them.

Mr. ROGERS: Oh, but there is.

Mr. MANION: Of those on aid only.

Mr. ROGERS: Of those on aid. But my hon. friend did not say that.

Mr. MANION: Oh, pardon me; I made that very clear.

Mr. ROGERS: So far as the future policy is concerned I should like to indicate briefly now the principles which will govern this government in its agreements with the provinces during the next fiscal year, and I hope

the house will grant me its indulgence if in order to avoid any error or misunderstanding I follow my notes rather closely.

1. Grants in aid. The dominion government is prepared to pay dollar for dollar with provincial governments for material aid (direct relief) up to a maximum federal contribution of forty per cent in each province. Under the maximum this would mean in general terms a forty-forty-twenty division of the costs of material aid among the three authorities, the dominion, the province, and the municipality. Under the proposed agreements the dominion government will provide for a sharing of the cost of aid given to transients on a fifty-fifty basis with the province.

2. Civic improvements. The dominion government is prepared to offer its cooperation to provicial governments which wish to enable certain of their municipalities to enlarge their normal programs of civic improvements as an alternative to direct relief. To this end the dominion government under its agreements with the provinces will contribute fifty per cent of the direct labour costs of such projects as have been submitted by municipalities and approved by the provinical and dominion governments, it being understood that the provincial government in the case of such approved projects will also contribute fifty per cent of the direct labour costs and the municipality will bear the cost of materials and supervision. In approving applications from municipalities for assistance to civic improvements, due consideration will be given to (a) the extent of unemployment in the municipality, and (b) the value of the proposed improvement to the community and the relative cost of materials in relation to the total cost of the project. The employment on approved programs of civic improvements will be supervised, at least in the larger municipalities, by a committee which shall represent each of the three contributing governments. This will ensure that the expenditures on civic improvements will have their maximum effect in reducing relief rolls, and will reduce at the same time the expenditures of the several governments in the municipality for material aid to the unemployed. This form of assistance to civic improvements will not be available to municipal projects which are accepted for another form of federal aid under the Municipal Improvements Assistance Act.

3. Single unemployed persons and transients.

(a) Youth training. Proposals will be submitted to parliament to increase the usefulness and efficiency of this project by ensuring its continuity over the next three years. On the basis of the existing federal appropriation, an annual sum of $3,000,000 is now available through joint contributions for the dominion-provincial youth training program.

(b) Other projects. As announced in the speech from the throne, the assistance given to forest conservation will be extended to other work of national importance in order to provide an opportunity for useful work and national service to single unemployed men. It is intended to develop both federal and dominion-provincial projects in order to extend the employment and training available to single unemployed men under the forest conservation and farm employment plans now in operation in British Columbia and the prairie provinces.

4. Public works. It is proposed to continue, and in some cases to extend, the various projects of conservation and development which have been placed before parliament in special supplementary estimates at previous sessions. These projects include—and I think it is only fair to emphasize the range of them—aid given to trans-Canada and tourist highways, mining roads, national parks, historic sites, airports, water conservation, rehabilitation of drought areas, elimination of level crossings, and harbour developments. Particulars of these projects will appear in the supplementary estimates.

I am afraid, Mr. Speaker, that my time has almost expired, but I felt it of particular importance not only to this house but to those outside that there should be as early as possible this statement of the principles that will guide the dominion government in its agreements with the provinces during the coming fiscal year. May I say that these are policies laid down in pursuance of the experience gained by us in dealing with this problem during the past three years. There is in these policies, I believe, not only the means through which the municipalities which have suffered under a very considerable weight of taxation in recent years will be relieved of a measure of that burden, as we relieved them before, a few months after we came into office; we believe that these, with other measures taken to stimulate the building industry, will lead to a still further increase in building construction in this country during the forthcoming year.

So far as civic improvements are concerned, because of the condition of the municipalities in recent years, there is no doubt whatever that there is now a very considerable body of deferred works which could usefully be done for the advantage of our people. I am not going to specify particularly any kind of a definition which will confine these civic

improvements under these plans; but broadly speaking I would hope that under this plan it would be possible for us in this country greatly to increase our facilities for parks and playgrounds and swimming pools, and those things which will not only contribute as an aid to unemployment but assist also in the greater health and happiness of our people, particularly in slum areas.

Mr. HEAPS: May I ask the minister if housing would come under that category?

Mr. ROGERS: I do not believe that housing would come under that category. But the dominion government has, under other legislation, dealt in a very comprehensive way with housing. Under this legislation, however, very useful work could be done in clearing away condemned buildings as a means of opening the way for housing plans under part II of the National Housing Act.

Apart entirely from what has been indicated here, I should like once more to stress the importance of this government or any government receiving the broadest kind of co-operation from employers generally throughout this country in doing what they reasonably can do, even at some risk, to increase their working staffs during this coming year. I have been told sometimes of employers who have done this and who have received a large measure of satisfaction from knowing that in this way they were making their own contribution to the problem. Because—let us make no mistake about it—if private employment is not able to take up the slack; if private industry acting with governments, and having a knowledge that governments are doing their part, does not itself do its part toward that objective, there will be thrown ultimately upon democratic government such a pressure of opinion in favour of public employment that government itself will be asked to undertake burdens which it is not equipped to bear. I think we should remember that.

Attention is given from time to time to figures other than those that I have quoted. The other day my hon. friend quoted from the Canadian Welfare Council bulletin that some $900,000,000 has been spent since 1930 for relief in this country. I am not sure what purpose my hon. friend had in quoting that figure. I am not suggesting for a moment that he used it as an indictment of this government; because as a matter of fact if it was an indictment at all, five-eighths of the indictment belongs to the late administration of my hon. friend and only three-eighths of it to us. But that figure, I should like to point out, does not represent, to my mind at least, money wasted; it represents rather what this country with other countries has had to do in critical times to conserve its population and sustain them in a period of unemployment. One might as well figure the costs of education, of public health, of veterans' pensions and of other services and say, what is there to show for it? There is this to show for it. Apart entirely from the fact that a part of that $900,000,000, possibly forty per cent, includes money spent on useful works under both administrations—I am not confining this to our administration—surely we can say that this expenditure is one which was called for by the circumstances, and any government having a sense of its responsibility is bound to deal with it to the best of its ability.

Other figures were quoted by my hon. friend from the bulletin of the Canadian Welfare Council. He quoted figures, which up to now I have not been able to confirm, with respect to the numbers of youth unemployed in this country. I wish I had time to go into that question—I shall have another opportunity later—because there is something there which needs to be cleared up; and some of our papers in this country would, I think, be wise if before they published those figures they would allow those in authority an opportunity to make comments upon them.

There is no reason why we in this country should adopt a policy of discouragement or defeatism with regard to this or any other problem. The figures which I gave a moment ago, and which will be placed upon *Hansard,* represent I believe more progress relatively with respect to unemployment than has been made either in Great Britain or in the United States in the same period. As a matter of fact my hon. friend, if he had read down a little further on the bulletin of the Canadian Welfare Council, would have found this statement, that in the United States at this time there are 21,000,000 on relief. The population of the United States is about ten times that of Canada. If we had an equivalent number on relief here, we would have more than double the number which we actually have at the present time. My hon. friend would also have found this statement, that in the last year some 400,000 more unemployed have gone on the unemployed lists in Great Britain than in the previous year. I take no satisfaction in the fact that this situation exists in other countries, but I deplore the kind of attitude in this country

which is willing to turn its back on the sunlight and think of this question only in terms of discouragement.

I should like to assure this house that this government from the beginning, although at times its progress may have seemed slow and at times perhaps it may have been open to the charge that we were taking too much care before we proceeded in a given direction, at all events has proceeded resolutely upon lines which we felt would lead us utimately towards a sound solution. There is no defeatism here; there is no discouragement; and although there are times, I confess, when one encounters reverses, let us remember that this battle of unemployment is not fought on one front alone; it is fought on a long battle-front, and sometimes we may have to retreat on one sector, sometimes we may have to consolidate our position along the whole line; there is not always an advance. But I believe that, given the kind of cooperation, the kind of enterprise and initiative that exists in this country, at least potentially, it is not beyond the powers of government, and citizenship, to make steady progress towards the solution of this problem of unemployment.

Mr. H. J. BARBER (Fraser Valley): Permit me first to tender congratulations to the two hon. members who have been chosen as members of the privy council. I think I can safely say that I can count them both among my friends in this house, and I am sure they will fill their respective positions to the satisfaction of the party to which they belong.

The announcement in this message to parliament that Their Majesties King George and Queen Elizabeth have graciously decided to visit Canada this spring has been received with rejoicing in British Columbia. The people of the Fraser valley, Mr. Speaker, will give their majesties a right royal welcome.

It is not my intention to deal at length or in detail with the several matters that appear in this message to parliament. I shall try to confine my remarks to what we in this country have come to realize is our greatest problem, that of unemployment and relief, a matter upon which we have had—I was going to say—during the last forty minutes a very informative address by the Minister of Labour (Mr. Rogers): I will qualify that, and say that at least part of it was informative; the other was a criticism of my leader and a request for cooperation not only from manufacturers but, I believe, from members of this house in connection with this great problem.

[Mr. Rogers.]

Speaking of cooperation, those of us who sat in this house from 1930 to 1935 realize what cooperation the government of the day received from the followers of the present government when they were seated in opposition. Every measure brought down which tended to improve conditions in this country was held up and criticized for days. At no time during that five years did we receive any cooperation whatever from the members of the then opposition; they played party politics all the time.

I quite agree that the program announced this afternoon by the minister, indicating the several projects that are proposed, will be of some benefit, and will, or at least should, relieve to a certain extent the conditions that now prevail. But by no means will that program solve the great problem that faces us. The minister has repeated the paragraphs in the speech from the throne which inform us about what the government has done in the past and for which great credit is claimed. And he has also told us what they propose to do this session. I do not think he quite completed that program, and it would be only fair to the house and to the country that I should fill in this government's record in the handling of the problem from the year 1935.

What have my hon. friends opposite done to correct the condition? We are told to-day of the only proposal which they have to remedy the situation. Let me first remind the government that the Liberal party was returned with a clear mandate in 1935 to deal with the unemployment problem. In this regard I cannot do better than quote from an editorial appearing in this morning's issue of the Ottawa *Citizen*. It puts the matter better perhaps than I can state it:

> The Liberals came into office in 1935 under circumstances as favourable as any party could desire. They had escaped the responsibility for conditions of depression in the five years from 1930. The blame had been fastened heavily upon Mr. Bennett. During the years without the responsibility of office, the Liberals had enjoyed ample opportunity to profit by the mistakes made in government policy. They persuaded the electorate that, with a clear majority in parliament, Liberal policy would correct the conditions of unemployment, transient youth and general insecurity. They were given an absolute mandate.

The people took them at their word and returned them to power with a majority larger than that given to any party in the history of this country.

The minister has told us about housing, about youth training, about assistance to agriculture, and something about forestry. May

I take the house back to 1936. If hon. members will read the speech from the throne presented at that session they will find in it a paragraph informing the house that the camps for unemployed single men were being transferred from the Department of National Defence to the Department of Labour and that at a very early date they would be closed. Of course the camps were never transferred from one department to the other, but they were finally closed. The equipment was carefully sorted, graded and packed, and finally camps and equipment were disposed of. The minister, speaking of these camps at the time, said:

> They cannot be supported on grounds either of social utility or of government economy . . . to continue them would encourage an attitude of hopelessness on the part of those for whom they were designed.

Well, within three years the camps were re-established in British Columbia.

Mr. ROGERS: But on a different basis, if I may say so.

Mr. BARBER: They are just about the same, no matter what basis they are on. There are some twenty-two in British Columbia to-day, and before leaving for the east I was informed that there were 1,900 men in the camps and about 2,000 on the waiting list. The minister says that they are on a different basis, but if you look at the speech from the throne you will find that provision is being made not only for the maintenance of these camps but also for their extension to other work. I wonder if the minister has decided, on the grounds of social utility and government economy, to return to that system.

Talking about camps, perhaps I had better tell a little about one of them. I have here an editorial that appeared on January 11, 1939, in a weekly publication, one of the best weekly papers in Canada, published in my district. This is what the editor has to say:

> The story of the forestry camp at Cultus Lake since early in November, the closing chapter of which is, we hope, about to be written, is another illustration of the futility of the country's method of dealing with the problem, and single transient unemployed particularly; of the wastage of public funds, and what is infinitely worse, the wastage of human fibre.
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> Arrests for misbehaviour in the camp, in the city, and elsewhere have placed some 16 of the men in jail where they are kept at the expense of innocent ratepayers of organized communities. Others have been dismissed and turned into the highways to roam where they may. Brawls have taken place, women insulted, and generally a state of apprehension created as rumour followed rumour of planned outlawry.
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> The camp here is not an isolated case. And this is the character of the fruitage after nine years of effort and an expenditure of $900,000,000. If this is democracy, what is worse? might well be asked.
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> This canker of unemployment, aided by a clashing of jurisdictions, and the apathy of many, is sending out its tentacles in unsuspected directions. There is no question about it but that it is threatening the vitals of democracy and Canadian well-being. Yet the country fails to come to grips with the issue.

That gives you a fair idea of what the camps are. They have all the bad features which the minister complained of in the previous camps. Following the closing of the camps the minister had the bright idea of putting a large number of these men to work. He said he had made arrangements with the railways, through the minister in charge of that department, to take on some ten thousand men on what is known as deferred maintenance work. We find that less than eight thousand men stuck out the season, and the cost to the country was something over $2,300,000. We have not heard any more of that particular kind of project for the employment of those who are out of work to-day. Then we come to the appointment of the commission. We were advised of this in the speech from the throne in 1936. Provision was to be made—

> . . . for the establishment of a representative national commission, which will cooperate with the provinces and municipalities in an endeavour to provide work for the unemployed, and the supervision of unemployment relief.

From that one would naturally take it that the commission would be clothed with administrative powers. I think that was generally understood by parliament, that they would have power to travel throughout the country, arrange matters on the spot with municipalities and cities, and supervise the paying out of relief. But we found that the powers of this commission were simply of an advisory nature. The chairman was an outstanding Canadian who undertook the work without pay or expense, solely in the interests of Canada, and I think all who have followed the commission's work and studied its report will admit that he was the brains of the commission. One member was a labour man; the rest were fairly representative of the Liberal workers in this country. They were brought down to Ottawa, furnished with offices and paid the handsome living allowance of $30 a day along with their travelling expenses. One thing that the government did themselves, and did not leave to the commission, was to keep these particular people off relief.

For two years this commission collected information and finally filed a report with statistics and recommendations. Did the government act on those recommendations? I think we can credit them with having acted on some of the minor ones, but on the major recommendation no action was taken and we hear no more of the report of this commission. After all these efforts, coupled with those of which the minister has told us to-day, in addition to the expenditure of hundreds of millions of dollars, this government has not even come to grips with this great problem of unemployment and relief. What have we to-day? The minister has told us that we have still a large number of unemployed. Among these there has grown up a class of shiftless, rudderless men, some at present concentrated in camps, others roaming the country and others walking the streets of our cities. That group has increased materially since 1935. There has grown up another class, hundreds and thousands of noble men and women who have struggled to keep off relief, a large army of Canadians who, depending on one or two days' work a week, support themselves and their families. Many have lost their homes; their little savings have disappeared. That class has greatly multiplied since 1935. Then we have the other class, those on relief. The minister told us, and we are also told in the speech from the throne, that there are fewer drawing relief. I am not inclined to give the government full credit for this; Mother Nature played a large part. Last year we had crops where there had been none for some years before; in many other districts crops were better than in recent years, and this went a long way towards relieving the situation. But let me point out in connection with relief that many of our people have become dole-minded; do not want to work; take the attitude that the country owes them a living. In 1935 that class scarcely existed. So that in spite of the statistics the minister gave, this problem seems to me to be much more serious than it was in 1935.

I warn this government that the people of this country have been looking to Ottawa every session since this government took office, remembering the promises and the slogans of hon. gentlemen opposite. There is no doubt they recall that speech of high resolve that the present Prime Minister (Mr. Mackenzie King) made on the night of the last election. Someone said it was a bleak October night. It may have been bleak for a number of Conservatives. My leader has already quoted, but I think it will do no harm for me to quote again—in fact I think hon. gentlemen opposite would like to hear this—the words which the present Prime Minister uttered that night:

> In the new era which dawns to-day the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before. Poverty and adversity, want and misery are the enemies which Liberalism will seek to banish from our land. They have lain in wait at the gate of every Canadian home during the past five years,—

An hon. MEMBER: And since then they have got inside.

Mr. BARBER:

> —and their menacing mien has served to destroy the souls, as well as the minds and bodies, of an ever increasing number of men, women and children in our land. We take up at once, as our supreme task, the endeavour to end poverty in the midst of plenty; starvation and unnecessary suffering in a land of abundance; discontent and distress in a country more blessed by Providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that "health and peace and sweet content" which is the rightful heritage of all.

Almost four years have passed since that speech was delivered. We are reaching the end of this parliament; it is now the eleventh hour. Still we have with us poverty and adversity, want and misery; the announced enemies of Liberalism are still abroad in the land.

I do not want to appear to be altogether destructive in by remarks. It is my privilege to criticise, but I also consider it my duty as a member of this house to support and co-operate as far as possible in measures which I consider would tend to relieve the serious condition in which many of our people find themselves. In the works which the minister has announced to-day I am sure members of this party will cooperate, for the reason that such works will tend at least to relieve the situation. We are told in the speech from the throne as well as by the minister to-day that the government intends to provide a program of public undertakings. We have not the details yet, and the extent to which it will help depends on the nature and extent of that program. I doubt whether it is wise to spend millions on large public buildings. These huge structures may be very nice to have, but it always appears to me that the expenditure involved is not warranted by the employment given. And there are very few of them that are revenue producing; in many instances they are simply a luxury we cannot afford.

There are works of a revenue producing kind, and in this category I would include

the construction and improvement of highways. We need highways and better highways in many sections; we might well divert some of the millions now going to relief to useful work of this kind. I have in mind some in British Columbia that might be taken over as federal undertakings instead of on the fifty-fifty basis, which would relieve the provinces and the hard pressed municipalities. I understand that the trans-Canada highway is already a federal undertaking. It should be pushed to completion. I would suggest that the portion paralleling the Fraser canyon should be improved and that safeguards should be placed at those points at which a number of fatal accidents have occurred during the last year. Then there is what is known as the Monkman pass. I think the Liberal party are pledged to an outlet for the Peace river district, and I would suggest to the government that this outlet be constructed. A number of noble citizens have been working on that construction themselves, and have been seeking the assistance of various public bodies and governments. I believe this should be given consideration. Then we have what is known as the Hope-Princeton highway, on which a good deal of construction work was carried on at both ends through federal assistance some years ago. Of the ninety miles I should say one-third remains uncompleted. If the government would undertake to complete that it would not only provide considerable employment to people in that section but also open up the southeastern section of British Columbia and bring the rich Okanagan and Kootenay districts within a few hours of the coast cities. Indirectly it would be a revenue producer, not only from the standpoint of the better facilities it would give those living in that district but also in connection with the tourist trade. Then north of the Fraser we have the proposed Agassiz-Haig section, the completion of which would connect with the Hope-Princeton highway and the trans-Canada highway, thus offering a direct route along the north bank of the Fraser to Vancouver. I mention these in particular because I think everyone will realize that in British Columbia road construction is very expensive, and means a tremendous burden on a province with such a small population. I also urge the government to take over these projects as federal undertakings, because I believe great revenue would be derived from the tourist traffic through the construction of highways in that province.

There is just one other matter I should like to mention. I drew it to the attention of the Minister of Mines and Resources (Mr. Crerar) last year, and he promised to look into it. That is a highway from the port of Huntingdon, from the international boundary line to the trans-Canada highway. It would involve only one mile of construction. Last year we had a measure before parliament providing quite a large amount to be expended in order to encourage the tourist industry. Huntingdon is the fifth largest port in Canada. As soon as the United States tourists leave the boundary line they come to what is known as a rough gravel road, over which they must travel for some miles before they reach the paved trans-Canada highway. The construction of a road a little over one mile in length would give direct connection with the trans-Canada highway, and I can assure the government that any money spent on that small section would bring great returns from visitors coming from the United States. All these works would provide useful employment, and indirectly would produce revenue and bring new money to this country.

We hear a great deal to-day about world trade which, according to the Prime Minister, would solve our unemployment problem. We are told that wider markets would do the job. Last year the speech from the throne boasted of increased trade, but we find no mention of that in the speech this year. As has been stated already in this house, the fact is that our export trade has diminished by some $200,000,000, with a decrease of $90,000,000 in our imports. It is true that during the last few years we have built up an enormous export trade in raw materials. We are taking our resources out of the ground, shipping them out of the country and boasting of our export trade. We are exporting our raw materials and buying back commodities fabricated from those materials. Will that solve our problem? No. This vast export trade is not doing anything compared with what could be done for the relief of unemployment in Canada if we were fabricating that raw material here and giving employment to Canadians. To-day the minister pleaded for the cooperation of industry. I wonder if he will give industry in this country a chance. The policies of this government up to the present time have made conditions in Canada so uncertain that industry is not in a position to expand and employ more labour. Yes; I am favourable to trade, if that trade means the selling of the products of the farm and of our primary and secondary producers at prices that will bring them a fair return for their labour; I am in favour of trade that will increase the employment of Canadians.

I have mentioned two proposals that have been put forward by the government, a program of public works and efforts to increase trade. There is just one other matter to which I should like to refer. It is the opinion of many Canadians, and, I think, of some members of this house, that if Canada is to survive some changes must be made in our capitalistic system, that there must be something in the way of reform. With this I think many agree. Unemployment insurance is mentioned as a remedy. That is very good, but we shall not get any immediate relief from that. Reforms of various kinds have been discussed in this house; some very able followers of the government have urged that certain changes be made. Monetary reform has been put forward as a remedy for our ills. The Prime Minister himself told the electors that he was going to wage a war against the money power. The Minister of National Defence (Mr. Mackenzie), while occupying a seat on this side of the house, had a very bright idea which I am sure we all recall. He reminded us that we had $170,000,000 in gold and that we could manage on a coverage of 25 per cent. Then we would have sufficient money to pay off our debt, at least in part, and provide for great public works. This would be done, he said, if the Liberal party were given a chance. Well, the Liberal party is in power; the hon. gentleman has a seat on the treasury benches, but we have heard nothing more about this scheme to give us money with which to clean up our debts and carry on a public works program. If our problems can be solved, if happy days can be brought back by the adoption of some sort of economic monetary reform, let us have it. The government has at hand all the necessary instruments to work out any such reform. It has trained technical men in the treasury department and there is our national institution, the Bank of Canada. Apparently nothing is to be done about monetary reform; there has been no mention of it or of any other reform on the part of the government this session.

We have now reached the fourth session of this parliament. Almost four years have passed since the present government took office, but we find that poverty and adversity, want and misery, which Liberalism sought to banish, are still with us. After four years of Liberal rule the great problem of unemployment has not been dealt with, much less solved. The Prime Minister admits that he cannot do anything about it. He says that a conflict of jurisdiction stands in the way. Constitutional impediments and a conflict of jurisdiction are the reasons given for not solving the problem. If that is what blocked the solving of this problem, why have almost four years passed without an attempt being made to get together a representative national conference? Why was there a delay of two years in the appointment of a royal commission on dominion-provincial relations? Almost another two years have passed since that commission was appointed, and we are now advised that its report will be filed some time this session and will be passed on to a national conference. This means that no action can be taken this session and probably not before an election.

The truth is that in connection with this and other problems the Prime Minister and his government have refused to assume responsibility. Matters that should have been dealt with have been passed on to other bodies. Royal commissions have been very popular with this government. Someone has said, I believe quite truly, that royal commissions are appointed to find out something that we know already. I think that is particularly the case with the commission we have been talking about to-day.

We have heard a great deal about the responsibility of parliament. I was surprised when the Prime Minister told us the other evening that this and other problems rest with parliament, that parliament is responsible for what is done with public funds raised by federal taxation. It is true that parliament votes the estimates presented by the government, but let me ask this question: When did members of parliament have the power to increase a vote? When did a private member have the right to bring in a measure providing for the expenditure of public funds? Parliament has no such power and parliament as a parliament has nothing to do with the shaping of policies to deal with any particular problem. Under our parliamentary system action must come from the government, the Prime Minister and his cabinet. Responsibility rests with the Prime Minister and his cabinet, and the Prime Minister assumed that responsibility when he took over the reins of government in 1935.

Ever since this government came into power it has shirked responsibility and followed a policy of drift, extravagance and high taxation that has done much to cripple industry. It has followed a policy that has created in this country an atmosphere of uncertainty. If our problems are to be solved, if democracy is to survive in this country, there must be a reversal of this policy, from one of drift to one of action, from one of shirking of responsibility to one of assuming responsibility. If

Canada is to remain a united Canada instead of nine Balkan states, then we must have a strong central government. We must have a government that will give leadership to the Canadian people. Then and not until then shall we be on the road to solving our problems.

In conclusion, let me refer to the amendment to the amendment. One of my colleagues has already referred to it, but I think it would be well for me to touch briefly upon it. It reads:

> We are of the opinion that these conditions can be remedied only by the effective control of financial institutions and monopolistic enterprises which are exploiting the Canadian people.

This has been looked upon as a trick amendment. Any one who does not vote for it is likely to be branded throughout the country as being favourable to control by financial institutions and monopolies. Like the other members of my party, I am bitterly opposed to monopolies and to control by financial institutions. But what remedy do our friends of the Cooperative Commonwealth Federation offer? According to the policy they have been advocating, I take it that their remedy would be to scrap the present system and set up a socialistic state. I fear the remedy would be much worse than the disease. As I am utterly opposed to socialism or any pink shade of communism, I must vote against the amendment to the amendment.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, despite the speech of the Minister of Labour (Mr. Rogers), I regret that in taking part in this debate my first word must be one of criticism. I regret that there is in the speech from the throne so little from which the hard pressed people of this country can draw new hope and new inspiration. The minister suggests that we should be optimistic. It is easy to be optimistic in this House of Commons. It is easy to be optimistic when you know where your next meal is coming from. It is easy to be optimistic when you know that you can go home at the end of the day to a good meal and a cheerful fireside. The people whom I have met in large numbers during the recess do not have those comforts, and consequently they cannot be as optimistic as my hon. friend the Minister of Labour. At this time people are particularly in need of something to bolster up their courage and determination.

The reason is this: During the past few years until midsummer, 1937, we were slowly getting out of the depression. Many of those who were unemployed in 1933 and 1934 had work in 1937, but they now find themselves slipping again into the depths of another depression. Consequently they are becoming hopeless and desperate. As I said before, they are not in the fortunate position in which the Minister of Labour, the members of this house and the members of the privileged classes in this country find themselves. They have a right to expect something more from the government than they can find in the speech from the throne. If ever there were a time when a strong frontal attack on economic conditions was necessary, it is now.

It must now be abundantly clear, and I believe it is becoming more clear to the Minister of Labour, that private enterprise can no longer assure sustenance for the masses of the people, let alone a decent standard of living and economic security. This government has sufficient proof of that fact, and the time is overdue when it should begin in a planned way to help the people to extract from the abundant resources of the country a decent living for the present and economic security for the future.

It is not my intention to touch on all the points mentioned in the speech from the throne. The royal visit has been mentioned by nearly all those who have spoken in this debate. I do not think it is necessary for me to say any more than that I associate myself with much of what has been said already in regard to the visit of the king and queen. However, I am convinced that if this government had shown as much energy, enthusiasm and thoroughness in improving the economic conditions of the Canadian people, who must remain in this land for fifty-two weeks in every year, as they have shown in preparing for the three week visit of the king and queen, there would not be as much misery, distress and want as one sees now on every hand.

The speech from the throne stresses the need of increased armaments and the determination of the government to meet that need. As the subject of defence will be discussed on another occasion, it is not my intention to say very much on that point at the moment. It does, however, seem strange that this government, which claims to be so much concerned over the defence of our country, should still continue to supply aggressor nations with war materials to carry on their aggression. Not only that, but as I pointed out in the house last year, while the government of Canada supplies the aggressor nations, Germany, Italy and Japan, with all the materials they are willing to buy from us, it maintains an embargo on materials for the loyalist government in Spain, thus helping Italy and Germany in their acts of aggression. While helping to arm the aggressor, and

a potential invader, if we are in any danger of invasion, we refuse to sell to the legally constituted government of a friendly country the means by which she might be able to defend herself. As one travels through this dominion and realizes the sentiment of the people on this question, one wonders what influence behind this government compels it to follow such a stupid and undemocratic policy.

There have been expressions of congratulations and thankfulness on the signing of the Munich pact of last September. All peace-loving people were undoubtedly relieved that a clash was averted at that time; but we in Canada should hang our heads in shame when we contemplate our share in the disaster of Munich, for Munich was a disaster. War, of course, might have been a greater disaster. But no sooner was the pact signed than Europe began to realize what its real implications were and are. Daily the dictators are becoming more rapacious, and bolder in their demands. Yet Munich was not an accident, nor did it come upon the world suddenly. It was the logical and inevitable sequence in a chain of events—Manchuria in 1932, Abyssinia in 1935, Spain in 1936, China in 1937. Even Prime Minister Chamberlain realized that Munich did not mean peace; for in the very speech in which he extolled the pact to the House of Commons he asked for more and greater armaments, and since that fateful occasion every country in the world has intensified its armament building program. Consequently it is sheer humbug to represent Munich as in any way making for peace.

In my opinion, however, the most amazing comment on the Munich pact came from the Minister of Justice (Mr. Lapointe), who was attending the sessions of the League of Nations at the time of the crisis. He is reported as having said on his return to Canada that Chamberlain by his action had saved civilization. Now it is conceded on all sides that Munich was a victory for the European dictators, a victory for the rule of force over the rule of law; and if the Minister of Justice implied that any process in that direction is a process that is going to save our civilization, it is certainly amazing to me. I am sorry the Minister of Justice is not now in his seat. I can remember him referring in this house to dictators as gangsters and madmen; evidently then, the civilization that was saved at Munich was a gangster civilization.

As I have said, the Minister of Justice was attending the sessions of the league at Geneva during the crisis. The league, the only hopeful and good thing that came out of the last war, was organized to deal with just such situations as had led to Munich. But while the league's delegates at Geneva sat impotently twiddling their thumbs, four men sat around the table at Munich, two of them at least with their guns on the table, deciding the fate of a country, without a representative of that country being present or having an opportunity to be heard. That is gangster rule with a vengeance. That was the precedent set at Munich for the settlement of international affairs. And that is what the Minister of Justice called saving civilization!

I am glad to be supported in this opinion by at least one Liberal who has the courage to face realities and speak her mind. In a statement on the world situation issued to the press on Sunday, October 2, 1938, Senator Cairine Wilson, president of the League of Nations Society in Canada and vice-president of the International Federation of League of Nations Societies, had this to say—I shall not take time to read the whole of it but cite only one or two passages:

> We are rejoicing as a people to-day that there is peace, but there are some brutal truths which should be remembered, and which I hope will lead to a thoroughgoing examination by Canadians of the peace problem and thence to a more determined and comprehensive drive than ever for a world peace system based on law. Because of the expansion of Germanic power already effected or now to be expected, an even greater responsibility than before rests on the people of this continent.
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> The first brutal truth is that while great advances have been made towards the goal of a world peace system, and that while the world last week may well have been on the verge of embracing such a system, our leaders continue to subscribe to a concept of anarchy which actually permitted the world war of 1914, and which might well have permitted its repetition in the last few hours. The dread of a general conflagration is still with us, and will remain until an alternative to anarchy is effectively established.
>
> The second truth is that under the threat of naked force in the hands of an unscrupulous dictatorship heretofore recognizing no obligation whatsoever to the world community, we have been obliged to make a surrender which is almost complete, abandoning in the process a nation which stands among the staunchest defenders of liberty and democracy; we did not even give Czechoslovakia an opportunity to plead its case in any of the tribunals or assemblies created by the world for the purpose.
>
> A fourth truth is that the new barbarism represented by Germany may now be free to extend to the Black sea and to other continents.

Mr. Speaker, I unreservedly support the statements made by Senator Wilson, and I am convinced that no amount of arming to-day can save Canada or the world from the horrors of a war, which was only postponed last September, unless we make collective security effective in the international sphere

as we have already done in our community and national life. National defence must of necessity have some relation to foreign policy, and until we know what the foreign policy of this government is, we should not be asked to vote for its defensive measures.

I come now to unemployment. In dealing with unemployment this government has failed, and failed miserably. They have done that despite anything that the Minister of Labour (Mr. Rogers) may say. What is more, the government will continue to fail as long as it continues to show no more understanding of the causes of unemployment than the Prime Minister (Mr. Mackenzie King) indicated when he spoke in this debate. I was amazed to hear him make the following statement the other evening on the causes of unemployment. I quote from page 59 of *Hansard*:

> May I come now to the matter of unemployment. As I said a moment ago, the problem of unemployment is not a new one in this country. It became a serious problem nearly nine years ago. It was worse during the period when hon. gentlemen opposite were in office than at any time. It has continued to be a most difficult, perplexing and baffling problem —and why? For the reason that it is a world problem. . . . It is a problem with which every country in the world has been confronted in recent years,—and why? Because of the policies that are being made to prevail in certain parts of the world, those policies of economic nationalism which, instead of bringing nations closer together and permitting more and more in the way of trade, are putting countries, as I said a moment ago, into isolated compartments where their dealings with each other are narrowed down to small margins, and where, as a result of the shrinkage of trade throughout the world, there has been a consequent and inevitable shrinkage of employment as well.

To give that as a cause of unemployment is sheer nonsense. No one who has made even an elementary study of the capitalist system could agree for a moment with that explanation. It is nonsense because, as the Prime Minister himself said only a few moments earlier in his speech, unemployment had become a serious problem nine or ten years ago, when industrial, commercial and trade activities were at the highest peak in history. Let me read from the speech from the throne of 1930. The present Prime Minister in that year also was Prime Minister. In the speech from the throne as reported in *Hansard*, volume 1, page 2, I find this statement:

> It affords me much pleasure to greet you at the commencement of another session of parliament, and to be able to congratulate you upon the continued prosperity of the country. The year 1929 was the most productive year in the history of Canada. In industries, other than agriculture, employment reached the highest point on record; new construction was the largest known. Mining production was of unequalled value. Manufacturing production surpassed all previous records. There was vast increase in the development of hydro-electric power. The products of our fields and our herds reached higher standards of excellence and quality than at any previous time. The dominion is already recovering from the seasonal slackness evident at the end of the year, and it is not to be forgotten that the bulk of the 1929 wheat crop still remains in Canadian hands for final disposition.

Evidently the economics of 1930 do not fit in with the economics of 1939. We do not rejoice to-day when the bulk of one year's crop is waiting to be disposed of in another year. The seasonal slackness has continued into 1939 and is getting worse again. The dominion did not recover from what the Prime Minister was pleased to call seasonal slackness. Unemployment struck this country, although the Prime Minister did not say so, when he was in office, but it was severe a long time before that in Great Britain and on the continent of Europe. Indeed, unemployment had been chronic in Europe for many years previously. Economic nationalism, the term which the Prime Minister is so fond of using, had made but little progress prior to that time. But let me say that economic nationalism is not a cause of unemployment. Unemployment is a cause of economic nationalism. In 1919 the Liberal party held a national convention, and one of the planks of the platform adopted at that convention, and of course forgotten immediately afterwards, was a plank pledging unemployment insurance. That fact alone is sufficient proof that unemployment is not a new problem, is not one that has come upon us suddenly in 1930 to 1939. It is true that it has become worse during that time, but as the Minister of Labour said to-day, hundreds of people were unemployed in this dominion long before that. But as long as they were able to carry themselves from one job to another, no matter how hard the times might be, unemployment was not considered a problem; in fact it was considered a good thing, because employers could thereby get their labour power cheaper than they could if everyone were employed.

The cause of unemployment is not that there is no work to be done nor that there are no willing hands to do it. The cause of unemployment is that work cannot be done profitably, that is profitably to those who own the means of production in this and every other country. When we put our economy on a basis of use instead of profit there will be plenty of work to do, and should this work give out, unemployment will not be the curse it is to-day, it will change to

leisure. To listen to the Prime Minister one would think that we were living in a static world, that the world began with Gladstone and that it will continue just as it was then, time without end. Such, however, is not the case. To-day we are living as for many years we have been, in a world economy which is dynamic in the extreme. For untold centuries man got his living without tools or with very simple tools. But about 1776 a Scotsman in Glasgow found that steam could be used to drive machinery. Later other motive powers were discovered. A new age had dawned. The old order of hand production disappeared. The simple tool became a complicated machine. Wealth undreamed of before the advent of the machine became available. This great production and accumulation of wealth, however, has not turned out to be an unmixed blessing. With the increase of wealth came an increased centralization of wealth. I have not time to enlarge on this subject, but if there are any in this house who are interested in the centralization of wealth in Canada and its effect on the social and economic life of the country I would suggest that they go to the library of parliament and get a copy of the report of the price spreads and mass buying commission. If anyone should find the price spreads and mass buying report too hard to concentrate on, he or she can find the same result, put briefly but more poetically, in the broadcast made by the Prime Minister on October 14, 1935. I referred to this paragraph of that broadcast in a speech last year, and it has been quoted in this house several times during this session. But not only am I going to quote it, I am going to analyze it. I am going to point out just what it means. The Prime Minister, speaking on that occasion, said:

> We take up at once as our supreme task the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by Providence than any other on the face of the globe, and gain for individual lives, and for the nation as a whole that "health and peace, and sweet content" which is the rightful heritage of all.

Let us see just what this means. The leader of the opposition (Mr. Manion), when he spoke on the address, made reference to the fact that Conservative and Liberal governments have been the governments of this country ever since confederation. The hon. gentleman may take whatever comfort he can out of that fact; but when I point out what the Prime Minister's statement means, it will not afford him much comfort. The Prime Minister said:

> We take up at once as our supreme task the endeavour to end poverty in the midst of plenty.

What does this mean? It means that in this country we have plenty and it means that we have poverty. Who has the poverty and who has the plenty? The people who have the poverty are in every instance the people who produce the plenty, and the people who have the plenty are the people who own it.

He said: "We take up as our supreme task the endeavour to end starvation and unnecessary suffering in a land of abundance." Again, I say that this indicates that in Canada we have abundance and that side by side with that we have starvation and unnecessary suffering. Who are suffering, and who are starving? Every time, those who produced the abundance. And who have the abundance? Those who own it.

Then he goes on: "to end discontent and distress in a country more blessed by providence than any other on the face of the globe." May I ask, if providence has blessed Canada more than any other country on the face of the globe, who has cursed it so that we have poverty in the midst of plenty, starvation and unnecessary suffering in the midst of abundance, and discontent and distress? Possibly the leader of the opposition, who drew attention to the fact that the Liberal party and the Conservative party have governed Canada for the seventy years since confederation, can get some comfort out of what I have read. But if they are not responsible, if they cannot accept or do not accept responsibility for the state the country finds itself in to-day, they must say that governments have nothing to do with and have no part in either making or destroying the welfare of the people. They cannot have it both ways.

Let me now touch on unemployment. The figures for fully employable persons on relief in the first ten months of 1938 show a reduction of almost twenty-five per cent from the same period of 1937. I know that the government takes credit for this reduction. However, we find that when the figures are analyzed there is not much credit due the government. They constitute a damning indictment of the whole policy or lack of policy on the subject. Taken in conjunction with the figures of dividends and interest payments, they are also a perfect illustration of the class character of our society. While the figures of employables

on relief were coming down, the figures of unemployment among wage-earners were going up. January, February and March, 1938, showed an improvement over the same months of 1937, but after that every month got worse. These are the figures:

Month	Increase in unemployment among wage-earners Per cent
April	7·3
May	22·0
June	31·6
July	46·9
August	47·7
September	53·7
October	56·1

These figures are based on a report of the bureau of statistics.

I wish now to discuss for a moment a serious situation in my own city, Vancouver. In a report from the chairman of the social service committee of the city council and the director of the social service department of Vancouver, made to the city council on January 9 of this year, I find that the situation there is worse than it has been at any time since 1932 The total number on relief, that is, the total number of cases on December 31, 1932, was 11,412. This was the peak of relief in Vancouver. In the following years, there was a gradual decrease until, on December 31, 1937, the total was down to 6,011. On December 31, 1938, however, the number of cases, not counting dependents, was 9,972. The total number of persons on relief has increased from 15,553 in December, 1937, to 20,130 in December, 1938.

This shows a desperate situation. It is an irrefutable demonstration of the failure of the policies of this government in regard to unemployment relief. The situation is becoming desperate for Vancouver. So far they have been able to supply bare subsistence, food and shelter, but clothing is now becoming a matter of the greatest urgency. At present about $10,500 is spent monthly on clothing, but the director of social services has pointed out that the bulk of it goes for children's shoes, necessities for indigents, and a little for special cases of need among relief recipients. There is nothing for the great mass of the unemployed. He said it would cost between $50,000 and $60,000 a month to provide the unemployed with clothing, and the city is not able to furnish as much as that.

This is an urgent situation which the city of Vancouver cannot meet. As one alderman said when the matter was discussed, "We are killing these people morally as well as physically"; and I say we are sowing the seed that will some day spring up in a violent demonstration of discontent. This is not a situation that prevails only in Vancouver; it is general in the cities throughout Canada. I received this morning from a labour councillor on the town council of Glace Bay, Nova Scotia, the following telegram:

> Conditions among Nova Scotia workers deplorable. Rapidly becoming unbearable. Streets filled with hungry unemployed. Actual starvation among part-time workers. Miners working one or two shifts weekly. All business suffering accordingly. No prospect of improvement.

The new leader of the opposition has had something to say about third parties. It would appear he does not like third parties. He is rather contemptuous of them; they irritate him. I suppose that is natural in one holding his position; yet I doubt whether the irritation on this occasion is a bad thing for either the leader of the opposition or the Conservative party. Having no policy, no program, it gives them something to talk about. The hon. gentleman's misconceptions in regard to political parties are simply amazing. To hear him talk one would think that the way to form a political party is for a few people to get together and say they will form a new party. Let him ask the hon. member for Kootenay East (Mr. Stevens) if that is the way political parties are formed. Political parties always represent economic interests. Political parties are merely the expression of economic interests. In this country we took the names of the major parties from Great Britain at a time when the words "Conservative" and "Liberal" meant something. The Conservative party came into being as representing the economic interests of the aristocracy and landed gentry of Great Britain.

Mr. MacNICOL: And the working man.

Mr. MacINNIS: They tried for a time to make the working men believe that, but they did not succeed.

Mr. MacNICOL: I am a working man.

Mr. MacINNIS: The Liberal party came into being as representing the interests of the rising capitalist and trading classes of that time. The people who to-day form the second party in Great Britain did not even have the franchise when these things occurred. The leader of the opposition, speaking somewhere in eastern Canada, I think in Saint John, said that he thought the two-party system was good enough for Canada, and he would like the two-party system on the same basis as in

Great Britain. Well, he is likely to have it that way, but his party is not likely to be one of the two.

Mr. MacNICOL: His party will be the government party.

Mr. MacINNIS: Which one goes out does not make any difference; when the interests they both represent are in jeopardy they will come together in an instant. The reason the Reconstruction party did not succeed was that there were already two Conservative parties in Canada and there was no room for a third. In the four western provinces the standing of the Conservative party and the Cooperative Commonwealth Federation is as follows:

Provincial legislatures	Conservatives	Cooperative Commonwealth Federation
British Columbia. ..	8	7
Alberta..	2	..
Saskatchewan.		11
Manitoba..	16	7
	26	25

In the dominion parliament there are for the four western provinces eight Conservatives and seven Cooperative Commonwealth Federation members. But there is this difference, that recent elections indicate the Conservatives are going and we are coming.

Mr. MacNICOL: The Conservatives going into power.

Mr. MacINNIS: Oh, the hon. member can console himself with that for a while; it will not do any harm. It is like the optimism of the Minister of Labour (Mr. Rogers) in contemplating the unemployment situation.

In the two or three minutes remaining at my disposal let me say that the hon. member for Greenwood (Mr. Massey), in referring to the proposed amendment and sub-amendment, said on Thursday last that he was supporting the amendment whole-heartedly, and then, as the hon. member for Fraser Valley (Mr. Barber) did to-day, he referred to the sub-amendment as being cleverly and adroitly designed to put the Conservatives "on the spot" as it were. I assure my hon. friends that it was not designed for any such purpose—I helped to draft it myself. It was designed to put content into the negative amendment moved by the leader of the opposition for his party. We can all agree that the Liberal party since it came into office has not done anything worth while. They have practically been, as someone said, on a sit-down strike ever since. I am surprised that the Minister of Justice (Mr. Lapointe) has not taken action against them. I could read sufficient proof from official documents, from statements of leading men in this house, that financial interests and industrial monopolists control the very life-blood of the Canadian people. And I am satisfied that no government can even pretend to do anything for the people of Canada until that government is prepared to take effective control over those things that exercise such power over the lives of the people. In every country in the world where economic improvement has been made, it has been made to the extent that governments have taken that kind of control. The hon. member for Greenwood in the summer of 1936 visited the Scandinavian countries. He spoke here in glowing terms of the graceful curves of the streamlined pigs in Denmark, produced under a social democratic government. He spoke of the wonderful things done in Sweden, yet in Sweden there is also a socialist government. The hon. member for Greenwood and the hon. member for Fraser Valley and all hon. members who are going to vote against the sub-amendment because it would mean socialism in this country are doing exactly what has been done all through the years whenever anything new was suggested. What social service have you to-day which was not branded as socialism when first suggested? Old age pensions, mothers' pensions, workmen's compensation; all these things were branded as socialism. Let me tell my hon. friends that they are going to make no progress when they go to the country if they indicate beforehand to the people that they are not going to take effective steps to control the interests that are throttling our economic life.

[Mr. MacInnis.]

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, this being the fourth and probably the last session of the eighteenth parliament, as usual I should like to take part in this debate on the speech from the throne, or, in other words, in this verbal marathon. The speech from the throne has been dealt with, at least in part, by every hon. member who has spoken so far. I am not going to make any attempt to-night to discuss the details of that speech. Sufficient it is to say that it gives every indication that the Liberal party

has abandoned its ancient faith and relegated monetary reform to the land of hoary fallacies. I do not think any government that has been elected since confederation has had a better opportunity than this one to do something during its term of office. That it has dismally failed is evident to the people of Canada, and is shown by conditions that prevail throughout this country to-day.

For a moment let us review some of the events that have occurred during the depression years. In 1930 the Liberal government was removed from office. Conditions prevailing at that time were conducive to change, and in that year there was elected a Conservative administration. The major plank in the platform of the Conservative party of that day was the abolition of unemployment. During the course of the five years during which the Conservatives held power, the Liberal party, being out of office, had a wonderful opportunity to see what effect Conservative policies had upon the economy of this dominion. However, those five years have passed into history. In 1935 the Liberals were re-elected on the cry of "King or chaos," and the promise to issue credit in terms of public need. Since then another four years have passed, and the people who placed their faith in the Liberal party once again await an opportunity to remove from office those breakers of pledges, those who have broken their promises to the Canadian people. The abolition of unemployment was also mooted by the Liberal party then aspiring to office, but the conditions that existed four years ago still exist, and they are just as acute now as they were then.

Why is this? The hon. member for Vancouver East (Mr. MacInnis), speaking just before the dinner recess, referred to the two old-line parties. Permit me to say that there is no difference between a Liberal and a Conservative, except perhaps in some slight details. Once the Liberals were known as free traders, but to-day, under a Liberal administration, we have the highest tariff wall in our history. If in the old days there was any difference between the parties, that difference might have been found in the height of the tariff wall, that and no more. Both parties endeavour to maintain the status quo. Both are traditional parties. Both are unwilling to face facts and tackle the gigantic problems that confront a government in this country. Under the old-line party philosophy the economy of Canada is based upon foreign markets. Surely it must be evident to any child in the kindergarten that international trade, as it was carried on in the days that have gone, no longer exists. We can no longer depend upon foreign trade to give us internal prosperity. It is true that we are passing through a period of rapid change. No longer are there unlimited markets to exploit; no longer is there the opportunity that once existed for the expansion of capital. The democratic nations of the world are fighting over the last great, important market, which is Great Britain. This has resulted in a great deal of criticism of the British government by the agricultural people of that country because of the low prices received for home products there, on account of competition from overseas.

Under the Conservative regime we saw the completion of the Ottawa trade agreements. We are conversant with the negotiations that were carried on between Canada and the other nations of the world, and we also know that in spite of those efforts conditions became increasingly worse. This government has now signed an agreement with the United States of America. I predict here and now that the common man of this country will obtain no benefit from that agreement.

Why do we arrive at the conclusion that international trade has broken down, that it is unscientific to base our internal economy upon it? Let us look at Europe for a moment. We find Germany expanding its economic influence throughout Europe, and as the troops march in, so do the salesmen. We turn to Italy and find that last year they had more land under cultivation for the purpose of growing wheat than at any time in their history. We turn to Japan; as the army advances into China, so they will industrialize that nation. They have already intimated that in future the China trade will belong exclusively to the Japanese.

We as a nation are dependent upon foreign markets; this government still holds out the hope, in almost every speech that comes from the opposite side of the house, that if we can only expand our trade conditions will become normal. I was surprised to hear the Minister of Agriculture (Mr. Gardiner) making excuses the other day for the failure of his government to improve conditions. In 1935 we had a wave of optimism. The other day in this house a responsible minister of the crown took us back to the days of 1914. He told us that conditions which prevail now prevailed then. I feel convinced that the Minister of Agriculture knows differently. He knows that there has been considerable technological progress since 1914. He knows that the markets of the world have contracted. He knows that the world is to-day more

heavily industrialized than it was then. Still they tell us, or at least, imply, that because we regained some strength and recovered somewhat from that economic epileptic fit, we shall also recover from this one.

I want to place on *Hansard* a timely article which appeared in the *Western Producer* in 1937. What was said then is more true to-day as the evidence comes more before us. I quote:

> There are still those, and many of them, who believe that the good old days will again return. The good old days that is, of flourishing trade, with its favourable balances and accompanying large-scale foreign lending. How any such delusion can be nursed by intelligent observers, in view of the facts as they exist to-day, is difficult to understand.
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> What are the facts? One has only to read the papers. Take for the present purpose, agricultural products, which are much more difficult to develop and increase than manufactured articles. Over the past decade the increase in production of foodstuffs in hitherto importing countries is there for all to see. Only the other day it was announced that Italy, to meet a wheat shortage, had undertaken the greatest sowing in her history. She did that rather than buy the Canadian or any other surplus. That is merely a spectacular and recent instance. The same thing is going on in every country in Europe. There is a steady and persistent effort in each nation, and in the case of all products, agricultural and industrial, to reach as nearly as conditions permit and as soon as possible a state of economic self-sufficiency.

Canada along with other democratic countries is slowly but surely going to be drawn into that orbit of economic nationalism. Many people in this dominion are losing respect for parliament, the reason being that in spite of criticism of dictator nations they see that at least those countries can show more common sense results than we can. To-day in Germany there are only 280,000 or thereabouts unemployed, whereas in 1932 there were 6,500,000. They are producing more to-day than at any time in the history of that nation. There is an acute shortage of labour in most trades. They are making inroads into markets that at one time were almost exclusively British.

I have a high regard for a government that keeps its promises to its people. Democracy is a wonderful ideal, but it is unfortunate that it has never been tried in Canada. Our people have the right to vote, but they have never yet had the right to get the thing they voted for. In 1935 the people of this country voted for monetary reform. They sent the Liberal party here to issue credit in terms of public need. The public were not in any position to go into the technical details of how these things were to be brought about; that does not matter, but they did instruct parliament to bring about that condition. It seems that once a party gets into power it does not matter any more if it fails in its promises. After failing to solve these problems over a period of four years, this government is now endeavouring to divert the attention of the people from the thing they really want to something else.

A new cry has arisen, the cry of national unity. It is on this question that I want to say a few words. National unity! It is a great thought; it is a great ambition, but you cannot build national unity with lip-service. The farmers of the west have been accused of desiring secession. Who can blame them in view of the volume of evidence we have that the west is not getting a square deal? What privileges has western Canada in the eastern market? Where does the east buy its coal? Where does the east buy its oil and gasoline? In the constituency I represent there are many unemployed miners and there are many others who would be better unemployed because they are employed only one day per week. This state of affairs has continued over a period of four years. We ship into Ontario and Quebec coal from Pennsylvania and from Great Britain; in other years coal has been shipped in from Germany and Russia, but when it comes to western coal there is no market.

The same applies to oil. We have in western Canada possibly one of the best oil fields on this continent; yet we have a proration below thirty per cent. What inducement is there for western Canada to continue under the power of this government? Oil is shipped in from Peru and from the United States, but western oil can stay in the ground and the oil workers can continue to swell the relief ranks. It is from the east that you hear this cry of national unity. Let us have national unity by all means, but let it be composed of economic cooperation and common sense. Let us realize first of all that charity begins at home. If we have anything to buy, let us buy it from our own people and employ our own workmen. This question of national unity has been discussed many times in the house, and I have heard many after dinner speeches and read many reports in the press on the same subject; but I wonder if the people of Canada know just how much it costs the people of the west to be a member of this confederation.

Let us for a moment consider freight rates. Do you know, Mr. Speaker, that it is an impossibility for the people of western Canada to industrialize that part of the country? Do you know that there has been a discrimination against the west through the

tariff structure, over a long period of years? Do you know that a commission was set up in 1922 to investigate these questions? But since that time nothing has been done about the matter. The people of the west are a positive people. They like positive action. We are tired of listening to maudlin sentimentality about national unity in the face of the facts as they present themselves to us in our daily lives out there. Everything we buy we buy from eastern Canada, while eastern Canada purchases nothing from us—nothing. Even in the recent trade agreement with the United States we have been deprived of the preference we had for our Canadian wheat in the British market. It seems as if the west were used simply as a pawn in the game of trade negotiations. On the subject of trade agreements I should like to make this point, that I do not see what hope there is of any government making a satisfactory trade agreement unless the people who are to be affected by it are represented in the negotiations. There should be a board set up representing each and every province, and before the negotiations are completed the views of this board should be sought so that the people of the west would know whether, when the agreement was completed, it would be in the interest of Canada as a whole, and not simply in the interest of eastern Canada.

Let me go back for a moment to the question of wheat and the future of the west. Premier Bracken, speaking quite recently, was quite pessimistic with regard to the future of the west, and no one can blame him. At the present time we have a minimum price of eighty cents a bushel for our wheat, but we also have the greatest world's carry-over of wheat since 1932, and with even a normal crop next year the price of wheat in the markets of the world will fall. There are those who say: Well, the United States government is purchasing wheat and taking it off the market. But so long as we are living under a system of cannibalistic competition which we describe as the law of supply and demand, the very fact that this large carry-over of wheat is in existence makes it, no matter who holds it, a drug upon the markets of the world, and the question I should like to ask this government or any member of it is this: What is our policy in view of the conditions which I have briefly outlined? The Liberal party has already discarded the major plank in its platform, monetary reform, and the evidence of contracting markets is before us for all the world to see; yet we continue to operate under a system that makes the country depend upon external markets for its internal prosperity. I notice, Mr. Speaker, that the members to your right are conspicuous by their silence just now. It is no use going to the country and asking the people to return you to power because you believe in national unity. However well that story might go in some parts of Canada, it will never go in the west because we are tired of talk; we are looking for action.

One other thing I would urge, Mr. Speaker, is that there should be a change in parliamentary practice. I do not think a government should be subject to defeat simply because a majority of its own supporters have voted against a measure which the government has introduced into the house. Such a practice makes members vote against their principles. It makes the party supreme over the nation. It means that men will vote to support their party while at the same time voting against their conscience. That has been evidenced in every session here. If that practice were changed, and the government were not to be considered defeated because of the defeat of some measure which it had introduced, the government's supporters could vote according to their conscience, and then we should have some really honest legislation.

We are on the verge of war; it is almost upon us. It is astounding to me that maybe in a few short weeks those in this country who have received the least attention, those who have been considered as units and dealt with as units rather than human beings, will for the first time in possibly nine years wear a suit or uniform. I venture to say, when that day comes, the question of where the money is to come from will never be raised in this house, because a national crisis will be upon us, and there will be no dispute; every member will join in raising the money. For the last nine years we have had an enemy within, that greatest of all enemies, that great demoralizer of the human family—poverty. But poverty was not looked upon as a major crisis that money must be found for. No; men could rot in the bread lines of this country; men could walk the streets; the very temper of a man's soul could be destroyed. While we all expressed sympathy for him, it was too bad but we simply had no money for him.

Democracy has passed away in many nations. In Canada democracy has not yet come. We have had a dictatorship masquerading under the name of democracy. We have elected parliaments which did not have the power to do anything when they got into power. They were made up of men who were ambitious for themselves; others of them did not seem to

care, and those who did must have left this house at the end of every session despairing that anything of a really concrete nature would ever be done. In this country we are not twenty years from an open dictatorship. Nothing will kill the chances of a democracy faster than hypocrisy. The government must be honest with the people. Either it must give them monetary reform, or it should tell them, "We have no intention of putting in monetary reform." Let the people know exactly where they stand, and let them judge.

In the last nine years we have been destroying rapidly the greatest asset this nation has, the joy of life in the hearts of men and women. There are men twenty-nine years of age who left school in, say 1928, who have never yet had a job. To-day we are training men in training centres who will never have an opportunity to embark upon a career. We have provided no places where they can be absorbed. I have asked this government many times in the last two or three years what percentage of its supporters in the house have paid a visit to these camps, soup-kitchens and relief offices. I venture to say that ninety-five per cent of the government's supporters never saw the inside of any of these places and have never bothered to find out the conditions under which people are living. If one must be a legislator, to do the best by the people it is necessary to be conversant with the conditions under which the people are living. To live here until the end of the session, to wait until parliament is prorogued, or dissolved, and then just wait until the next session rolls around, is not being a legislator. At my home in the west an average of ten farmers a day come to me with their problems, problems of debt, and I have no option but to tell them that nothing can be done about the matter. Their debt condition is such that they will never in this world pay what they owe. Those who once were the proud owners of land are in a worse position than the tenant farmers of feudal times in England; they have the responsibilities but not the fruits of ownership. They are responsible for the debts which have been shackled upon them, while we just sit here and wait. A chap said to me the other day, "What is the Liberal party doing down there?" I said, "As far as I can see, they are just waiting for Santa Claus—for something to happen."

Is there any indication in the speech from the throne at this fourth session of the eighteenth parliament that the government is going to do anything? Is there any real release from the anguish which the youth of this country have suffered in the last nine years? Or, as has happened before, is it expected that the Canadian people, assuming they do not support the Liberal party, will turn back to the Conservative party? What a hopeless mess is this thing we describe as a democracy! Unless we discard our traditional way of trade as a way of life; unless we face the facts of superabundance; unless we practise the altruistic principle of economic security, commensurate with our intellectual, physical, spiritual and material resources; unless we coordinate our energies and loyalties for the common good of Canada, democratic and economic freedom will pass into that isolation and solitude aptly described as oblivion.

When I came into this chamber to-night it was most difficult to get a quorum. At other times I have listened to speakers here when the house was almost empty. I have heard men laugh when I described the poverty of the people—the laughter of members of this parliament who were sent here with a sacred mandate to legislate the people out of poverty. Did they succeed? If not, why? Now, in the dying days of the eighteenth parliament, we are going to divert attention by raising a new standard, the standard of national unity. Well, when government supporters come to the western country, at least to the part where I live, that will not be good enough. The people who elected them gave them a job to do when they first came to Ottawa, namely to issue credit in terms of public need. For four years the group to which I belong has endeavoured honestly to place before parliament a monetary system which would lift us beyond the realm of poverty. The only criticism which came from the opposition was, "it is inflation." They never gave us any evidence of it; they discarded all ideas of a discount rate, just prices, and the like. Yet we find that under a dictatorship in Germany they are operating with money, labour money issued on the ability of the people to labour.

The effects of this iniquitous and cruel monetary system are that it is driving the people of this country to distraction. I know that so far as the farmer is concerned he has abandoned hope. Men who purchased land when the price was high and bought implements at exorbitant prices are to-day being squeezed dry by mortgage and implement companies which demand not only their pound of flesh, but blood also; they must have interest, and compound interest. To these exploiters this government has been genuflecting for years. You cannot have on the one

hand unlimited exploitation and on the other prosperity for all; the two do not work together.

I do not accuse members of the Liberal party of being less desirous than I am of doing something for this country, but one thing we must do is to find the source of campaign funds for the old-line parties. We must find out where these thousands of dollars come from. There is a suspicion that they come from big industry, and big industry has never been known to give anything unless it got twice as much in return. Parliament must be free, unfettered and courageous, depending upon no outside interests. When a member steps into this chamber, it is to legislate in the interests of the people, not of groups and individuals.

So there are two things which I have brought to the attention of the house to-night. One is that we should change our practice in this house of defeating a government whenever a government measure is defeated. I think we should replace that practice with a method whereby a government might lose on a measure introduced in the house and still retain office. This would give an opportunity for members on the government benches to oppose according to their conscience. The other is this: We must find some method of financing elections in Canada without depending upon big business interests. These are two things that must be done in order to remove some of the debris that stands in the way of progress.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but his time is up.

Mr. POOLE: With the permission of the house I should like to finish the sentence.

Mr. SPEAKER: By unanimous consent of the house.

Mr. POOLE: In all kindness to the government I would say that we must concentrate our attention and energies on the internal problems of the country, because that is where the solution lies; for if we continually depend upon export markets as the measure of internal prosperity, this will lead us only into chaos and as a nation eventually into oblivion.

Mr. RALPH MAYBANK (Winnipeg South Centre): I have just listened to the hon. member for Red Deer (Mr. Poole) speaking as though he thought that from time to time, and I inferred from the way he spoke that he believed it occurred quite often, there was a violation of the dictates of conscience on the part of those of us who support the government. I do not know for how many I speak, but I think I speak for most when I say that I have not at any time been conscious of outraging my conscience when I have desired to support the government, and I have never supported the government unless I have desired to. Since coming to this house I have always felt that I could criticize this government—and in one or two respects I propose to do so to-night—with complete freedom. I may assure the hon. gentleman that whenever I believe the policies of this government are sufficiently far off the track to fail to enlist my support, I shall be voting against them, just as he will. He may be voting against them because it is the usual thing for him to do, and it may be that we sometimes support the government when we are not wholly in accord with them because the particular matter involved may not be sufficiently important to justify us in disagreeing. But the hon. gentleman need not worry about the virtues of those who support the government. By and large he will find that those members on this side of the house, or on the other, supporting the government, are just about as virtuous as are members within the social credit party. It is an entire mistake for anyone to get the idea that in his party there is a monopoly of virtue.

I had wished that my first words this evening should be words of congratulation to the two ministers of whose appointment we were advised this afternoon. I desire to convey my very hearty congratulations to the hon. member for Essex West (Mr. McLarty) and to the hon. member who has until a short time ago been my neighbour over here, the hon. member for Edmonton West (Mr. MacKinnon). I am glad that we knew these gentlemen before they were elevated because naturally it is a little easier to get to know a fellow when he is a back-bencher like yourself than it is to get to know a man when you meet him for the first time in the exalted position of a minister of the crown. We feel with reference to these two gentlemen that for at least six or eight months we can meet them on almost the same terms as heretofore.

This section of the house has been referred to as the "rump"—these thirty-eight or thirty-nine or forty seats on the immediate left of the speaker. It was my roommate, the hon. member for Portage la Prairie (Mr. Leader), who so denominated this Liberal section of the house. I may be wrong, but if it was not he, it was some other good farmer or butcher who knew that the best part of the meat is to be found on or near the rump. That is why he gave that name to this particular section. The Prime Minister (Mr.

Mackenzie King) is not in his place at the moment, but I wish to suggest to him through the pages of *Hansard* that he made a mistake in naming the hon. member for Edmonton West minister without portfolio; that hon. gentleman should have been designated Minister of the Rump. At any rate, although we lose him from this section of the house we are certainly all gratified at his elevation. I need not say that we are also pleased that the hon. member for Essex West has been similarly elevated.

I want in particular to speak to-night on the subject of employment and unemployment, but before doing so I wish to make a suggestion with relation to the royal visit. I must confess, at the outset, the suggestion is not entirely my own, and later I shall tell exactly where it came from. Ever since the accession of Victoria the Good, the British Empire has been blessed, I believe, with a royal family that has been preeminent among all the good monarchs of the world, and I think the virtues of the Victorian succession have been particularly well exemplified at all times by our present king and queen. It seems to me that the outstanding quality of this reigning house and of our present king and queen has been a thoughtfulness, a regard, and an affection for the common folk of the empire, and therefore I wish to make this suggestion—in fact I urge it most strongly—that at some time during this Canadian visit we try to give to their majesties that kind of pleasure which would go direct to their hearts. I suggest that we try to arrange that they visit some of the humbler homes in the country. For example, suppose we could arrange in Winnipeg—and that would be a very appropriate place—a visit to the home of someone among the humbler people of the community, the home of some man in the medium income brackets, a man receiving, say $100 a month, a man in whose home there are children, and whose wife does her own housekeeping. How excellent it would be if their majesties could visit a home of that sort and could have tea, or lunch, there. It does seem to me that it would give them an opportunity to become acquainted with the real Canadian people. They would in that way get to know more about the Canadian people than they could ever learn by all the garden parties, state receptions, soirees and that sort of thing that might be arranged.

Now I said that the idea did not originate with me. As a matter of fact a member of the press gallery came to me and made the suggestion, told me it was the idea of his own paper. And that paper, the Winnipeg *Free Press*, carries a story to-day advocating such a visit. I know that if this government would indicate consonance with the plan, the Manitoba committee would arrange the details as far as the city of Winnipeg is concerned, and I believe that committees in other provinces would act in a similar fashion. We have noticed in the papers from time to time accounts of such visits in the old country by royalty, and we know that nothing has endeared them to the hearts of the people more than their activities in that regard. It seems to me that visits of that kind would be entirely in keeping with the desire of their majesties.

I desire mainly to speak now upon the subject of employment. At once I wish to turn my attention towards a point that was raised by the leader of the opposition (Mr. Manion) in his speech and another point which arises from what he has written in his book. The leader of the opposition lamented in this house that his party had been attacked here and had been thrown out of power by reason of the fact that they did not cure unemployment. But the hon. gentleman is in error in such a statement. It was not because they did not cure unemployment that they were attacked, but because they had promised to cure unemployment, and not merely failed to do so, but aggravated the condition. If they had not promised themselves into office, they might not have been thrown out so hard. I would also draw his attention to another error which is properly chargeable to him, in this case an error of omission. It does not refer to what he said in this house but to what he wrote in his autobiography. He was giving certain reasons for the defeat of the Conservative party; prominent among them was the action he charged against the hon. member for Kootenay East (Mr. Stevens). But he failed to indicate one of the chief and very cogent reasons, one peculiarly related to himself. He was Minister of Railways during those five years, and during those years the Canadian National Railways were systematically sabotaged. The people of this country feared amalgamation. He undertook to amalgamate the telegraph lines and the express business, and it was naturally felt that this was a forerunner of complete amalgamation.

Mr. MANION: I just wish to contradict that statement, without going into details at this moment.

Mr. MAYBANK: I might draw to the hon. gentleman's attention that I do not think he had any right to rise and contradict me in

that fashion. If anything is said which is clearly an error of fact in some definite way, he may perhaps have the right to rise and contradict it. But to rise and make little short speeches of that sort, surely he has no right to do. I have a right to draw an inference from his conduct. I draw the inference from his conduct as Minister of Railways that the systematic sabotaging of the railway that went on during those years was largely attributable to him.

Mr. MANION: That statement is absolutely untrue. There was no sabotaging of the Canadian National Railways at any time.

Mr. MAYBANK: It was sabotaged from the day the late government came into office until the day it went out.

Mr. MANION: That is not true.

Mr. MAYBANK: It is absolutely true. I do not say that the hon. gentleman went out and took up the rails and carried them home. I do not say that he himself told the railway people not to go out and look for business. But from the moment he took over that portfolio the manner of carrying on the business of the railroad was changed. We know that the men who were working for the railway during those five years were trembling every day that he went to his office as Minister of Railways. Certainly what I said in regard to telegraph and express business is true, and in the light of that it is a reasonable inference to draw that this was the first step towards complete amalgamation. If he was not responsible for it I should like to know who was; he was Minister of Railways and stayed with the government which was doing it. A few days ago he attempted to indicate to us that we ought to know what went on in the council at that time, meaning to hint that he did not agree with that policy. We have no record of that sort. I say that when he undertakes to revise his book he had better say that one of the chief reasons for the defeat of the Conservative party was his handling of the railway during that five years.

Mr. MANION: That is a misrepresentation.

Mr. MAYBANK: I object for two reasons: the first, a point of order, and the second, that the hon. gentleman is unparliamentary in his language. I know there is not much more chance of stopping him jumping up like that than there is of preventing the soda from coming out of the bottle too quickly when you shake the bottle, so I suppose I can do nothing more than register my objection. I again respectfully suggest to the hon. gentleman that if and when he revises his book he should insert the statement that one of the chief causes of the defeat of the Conservative party was his own handling of the railway question while Minister of Railways, because unquestionably that did contribute very greatly to their defeat.

I am not going to imitate the hon. gentleman in failing to take notice of anything which may be unpleasant. I do not for a moment suggest that conditions in the country are all as they ought to be. Frankly, I think my own party has been in some measure to blame. I think it is to blame as far as it has imitated Conservative methods in the handling of this employment and unemployment question. I am going to say what I think at any time, without either fear or hope of favour.

But it is idle for the hon. gentleman to suggest that conditions have not improved since the time he left office. Instead of peonage in labour camps we have at least managed to put some 20,000 of the younger men happily out on farms. We have somewhere in the neighbourhood of 35,000 who have been helped by the youth training policies. The general trade policies of this government have resulted in increased employment, whereas the economic nationalism of the hon. gentleman's party led directly to unemployment. Millions of dollars have been supplied to municipalities for work which they can undertake. The construction industry has undoubtedly been stimulated by the housing act, to the amount of about $28,500,000. When the former government was guiding the country's affairs we had nothing of that sort. True, an act was passed, but no machinery was set up for it to work. The home improvement plan was a simple and effective way of aiding the construction industry, and some $25,000,000 has been spent under that to aid employment. The former administration, it would appear, was more in favour of passing nugatory and invalid labour legislation which never did march and probably never was intended to.

Again, I do not think the late government was criticized so much for not having accurate records. Rather the criticism was that it had almost no records at all. Consequently it followed a hit-or-miss policy with respect to unemployment and employment; it was a hit-and-miss policy in the beginning, a hit-and-miss policy in the middle of its term and a hit-and-miss policy until the very end. But we did find that there were in the neighbourhood of a million on relief in the September following our return to power, and it was more than that when we started. By September of last year that figure had been reduced to a little more than half a million.

Urban unemployment, at the time the count was first made, was about 700,000, while two years later it was reduced to 444,000.

Many other comparisons could be made, all to the disadvantage of the administration of which the hon. gentleman was a member. I am not at all satisfied with present conditions, but I think the hon. gentleman does himself less than justice by merely gibing and jeering, and suggesting that there has been no improvement since we started to drag ourselves out of the hole into which they got us.

I am going to state seven propositions by means of which I think the government could improve the situation at the present time. In the first place I think the federal government should assume a bigger share of the relief needs of this country. This afternoon I heard the Minister of Labour (Mr. Rogers) indicate that a greater share would be assumed, and he fixed that share at forty per cent, which would leave forty per cent to the provincial government and twenty per cent to the municipality. I might as well say at once that I do not think that is adequate. I think it might have been adequate if it had been done in 1930, but now, in 1939, it comes after the municipalities have become pretty well bankrupt. And I do not think it is fair to place a burden of twenty per cent of the cost, plus administration costs, upon the municipalities which can raise money only by direct taxation, almost entirely upon real estate. As a matter of fact, in the past many municipaliites have had to pay from thirty to fifty per cent of the total relief costs. I still think the central government, which has an unlimited field of taxation, should assume a larger share. I should point out, however, that I realize that when this government assumes forty per cent of the cost it will be an improvement.

In the second place I should like to suggest that this government institute and do everything that can be done to make effective a policy of no relief without work. I believe that can be done to a very considerable extent. We should give work, not a dole. If that cannot be accomplished one hundred per cent, let us get as near to it as we can. Certain plans that have been put into operation in Manitoba point the way. Men have been working for their relief out there, and they have been allowed to work one-eighth more than the extent required for their relief. Just in passing I might say that the men on relief came out and did that work willingly. I am not suggesting that it should be done in exactly that way, because that is payment in kind instead of in money, and I am not in favour of that at all. I think a man who works should be paid in money and not in hand-outs of food. I believe we could have people work to the extent of their relief plus 25 per cent, and the same could be extended to the men who are not on relief but may be near to it. At the present time we spend a million dollars for relief and get nothing for it. We could spend a million and a quarter and get value for that amount of money.

Another point I should like to make is that if work is to be done in order to relieve unemployment, it should be done where that condition exists, not in some remote place. When you undertake public works, presumably in order to relieve unemployment, and carry them out where there is no unemployment situation, it savours too much of pork-barrel spending. In saying this, I do not mean to criticize the building of mining roads, for example; on the contrary, I believe they are excellent projects which will create much future employment, and which indeed have justified themselves already in that regard. Nor do I mean that I am at all critical of tourist roads, if they are properly designed and located. That leads me to say this, that we as a federal government should get ahead with the cross-country road. That should be carried on as a national undertaking. Some person may object that there is some difficulty about the route; that Ontario has not made up its mind. There is one way to cure that, I suggest; that is, to make the announcement that the road will be built. Before morning the route will be indicated.

Then I think much more should be done in the way of youth training. I do not intend to speak at length upon that subject, but will reserve what I have to say until some time later, when the minister is dealing directly with that matter. I should like to say, however, that after examining the various camps and training projects in which I found the youth of Manitoba, I believe a great deal can be done in the way of employing youth, at any rate sufficiently to keep up their morale in these times.

Finally I should like to say that I believe every effort should be put forth at this time in connection with the rehabilitation or reclamation of those who have been idle for a long time. I believe we should devote time, thought, energy and money to the reclamation of men who have been idle for many years. Idleness undoubtedly has ruined many, and many more are on the verge of being ruined, but it is not too late to save them. If the ordinary dictates of humanity would not impel us to do that, then the idea of saving money

ought to turn us to the task. I say that for this reason. Every individual, who through idleness has become a particle of what has been termed the "hard core of unemployment," if he is not dislodged from that formation becomes a constant threat to the balancing of budgets, either civic, provincial or federal. It will cost some money to effect an improvement in morale to-day. It will cost more money to effect that reclamation tomorrow and still more money the next day. Before long it will be too late. Then the individual will become a charge on the community or the province or the federal government for the rest of his life. So, if we would not institute some special plan with respect to people of this type solely because of the good that might be done, we ought to do it because we would save money by doing so now. The poet has spoken of man's inhumanity to man, but I would put it in this way: If "man's humanity to man" will not compel us to do this sort of thing, then let the dollar be the urge. We shall be well repaid for every person whose morale can be restored in this manner.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I wish to congratulate the hon. member for Brandon (Mr. Matthews) and the hon. member for Stormont (Mr. Chevrier) upon the splendid way in which they moved and seconded the address in reply to the speech from the throne. They both did themselves great credit. I should like also to congratulate the hon. member for Essex West (Mr. McLarty) and the hon. member for Edmonton West (Mr. MacKinnon) upon their promotion to the privy council.

I was very much interested just now in listening to what the hon. member for Winnipeg South Centre (Mr. Maybank) had to say. He said he was not at all satisfied. I would remind him that there are probably thousands of Liberals throughout the country who feel as he does. The Prime Minister (Mr. Mackenzie King) said that he was master of the ship of state, that he could not leave the helm, that he must stay there all the time to guide the ship through the stormy waters. The stormy waters have all but sunk the ship, but the trouble is that since 1935 it has not left the dock. The ship has been laid up at the dock and we have been paying wharfage fees. Wharfage fees for three years cost a lot of money. This is our money; this is the public's money. I do not think the Prime Minister had the courage to embark, but there is a pilot available who will launch the ship of state on these stormy waters. He is ready and he is willing. He is courageous. His record shows his courage, and he has ability as a soldier, statesman and parliamentarian. He is full of kindness and understanding and is just the man for the ship. We are all proud to sit behind the hon. leader of the opposition (Mr. Manion). He showed his courage in 1914, and he again showed his courage in 1938 by offering his services to his country which had been so devastated during the last four years by the government in power. Canada is very fortunate in having a man of his calibre and ability.

The announcement that Their Majesties, King George VI and Queen Elizabeth, had decided to visit Canada was greeted by all in my riding with a deep sense of gratitude and satisfaction of what they consider a recognition of the loyalty and affection which they hold for their majesties. Our only regret is that their majesties' visit will be all too short. I know they will receive a rousing and royal welcome from all, even from those who through no fault of their own are struggling against privation and, in some instances, starvation and destitution because of lack of work. How much better it would have been if their majesties had been able to look into the faces of happy throngs of people filled with that contentment which comes from a good day's work well done and well rewarded. This might have been possible if we had had the leadership and the virile and vigorous action which we were promised at the last election. There are no more loyal citizens of the Dominion of Canada than the people to be found in the riding of St. Paul's. Despite the inertia and ineptitude of this government their majesties will receive a royal and hearty welcome in my riding.

Three and one-half years ago we listened to a speech by the newly elected Prime Minister in which he said:

> . . . unemployment is Canada's most urgent national problem. It is an endorsation of the Liberal proposal to deal with this question by means of a representative national commission, and by policies which will serve to revive industries and trade.

A representative national commission was set up by the Prime Minister. Through it we found out precisely what we knew before. We all knew that there was a maladjustment of labour in Canada. It did not find out what that was or what the interdependency of labour in this country was. It collected figures and dealt with decimals and percentages. At the present time those rows of figures are in the waste-paper basket. Its reports have been pigeonholed and its findings are now covered with cobwebs; gone into inertia like the present government. The adding machines, the calculating machines,

the desks, the furniture and the permanent personnel are scattered and gone with the wind. That commission did not put men in jobs. Unemployment remains. The commission has now been disbanded. The government are not dealing with unemployment as they promised to do, through a commission. They are not dealing with Canada's most urgent problem. As a result of the work of the commission we can now find out every month or so how many people are on relief, but we cannot find out how many workmen are unemployed. The newly elected Prime Minister in his dedication speech said:

> In the new era which dawns to-day the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before.

The people now regret that new era. Where is the economic liberty and security? The people still must depend upon the government for subsistence or continue to tremble at the insecurity of their jobs. The Prime Minister said further:

> Poverty and adversity, want and misery, are the enemies which Liberals, will seek to banish from the land. They have lain in wait at the gate of every Canadian home during the past five years, and their menacing mien has served to destroy the souls as well as the minds and bodies of an ever-increasing number of men, women and children in our land. We take up at once as our supreme task, the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance.

After three and a half years, poverty, want, adversity and misery still lie in wait at the gate of the home of every Canadian workman. We still have poverty in the midst of plenty. We still find starvation and unnecessary suffering. Where are the opportunities for work which were to be provided? There have never been as many unemployed since 1935 walking the streets looking for jobs. The Prime Minister said:

> We take up at once as our supreme task, the endeavour to end poverty.

They took up the shovel and they are still working hard leaning on it. I was not surprised at the rosy picture painted by the Minister of Labour (Mr. Rogers). He had to do it. It was good government propaganda, but the public know better. However, he gave himself plenty of praise and gave the government of which he is a member a big hand. They do nothing, but they can give a good talk.

The direct relief figures for Toronto show that in the month of December, 1938, there were 66,519 individuals on relief, an increase of 4,642 over 1937. The 1937 relief costs for that city amounted to $7,194,954. In 1938 these costs had increased by $329,559 to $7,524,513. The cost to the city increased from $2,400,000 in 1937 to $2,575,000 in 1938, an increase of $165,000. These figures include administration. This amounts to 2·63 mills on the assessment. What a terrible burden to be saddled on the taxpayers of Toronto! But worse still. What a horrible situation we have when we think of 66,500 of our people receiving hardly enough for a bare existence! These people receive, on an average, $10 a month to take care of their entire living consisting of fuel, rent, light and so on. Just think of it! In December there were 66,500 of our people in Toronto receiving relief. These people do not want relief; they want work. Less than five per cent of them are unemployable. There are more people legitimately on relief to-day in Toronto than there were in 1935. I wonder if hon. members have ever tried to exist on $10 a month. Mr. Speaker, these people, who can work and will work, are entitled to the receipt of a larger monthly sum than $10.

What has the government done to take care of this situation? There have been a few relief works started where men have to go day after day on the chance of getting a few days' work, and applicants for these jobs, I might say, are pretty carefully scanned for their political colour. It is true that there is an opportunity through government loans and housing, but with high taxes and the high assessments which are necessary in Toronto there is no incentive to erect new buildings because there is no return for the investor. The down-town district of that city is becoming a section of isolated buildings surrounded by parking lots, as a result of tearing down buildings because the owners cannot afford to pay the taxes on them. What a terrible situation, this destruction of property! General unemployment in industry in Toronto is to a great extent responsible for the high taxes. Low wages, part-time wages and unemployment are responsible for the arrears of taxes. The corporation of the city of Toronto owns some eight miles of streets with their houses on both sides, the buildings having been taken over for non-payment of taxes. There is little revenue in Toronto from this type of property; in fact, property is a liability.

The speech from the throne says:

> My ministers recognize that the plight of those who are still unemployed cannot await necessary constitutional amendments, nor the summoning of any conference.

And the government proposes to expand its long range program of public undertakings. I suppose, Mr. Speaker, by this time the government has become thoroughly hardened to this chronic state of industrial unemployment.

In Toronto over 66,000 of our people are on relief, and I venture to say that another 60,000 are working only part time—66,000 represents ten per cent of our population, and with another 60,000, on part time, that accounts for twenty per cent of our population in Toronto. How ridiculous, then, it is to talk about a long range program—a long range program, mark you—after three and a half years of poverty, and with adversity, want and misery still before the gate of every Canadian home! This do-nothing government, with its long range program, is trying to shoot at the problem from a distance. Why not come close to the horrible spectre and grapple with it?

Let me quote from a letter just received from the principal of the Jesse Ketchum school in Toronto, which has turned out some of our finest Canadian citizens in the past one hundred years. He says:

> Recent graduates have been quite up to usual standards, but have been forced to step out into conditions which this country has never before inflicted on its youth.

He says he has never seen conditions worse in this country within his memory. He goes on:

> Few opportunities afford a living wage, and idleness is enforced particularly upon those of lower educational equipment. In the years of idleness the mental, moral and physical standards of that youth drop to such an extent that the nation's chief asset often becomes a liability.

He continues:

> I am writing you now because in the last month four boys from fair homes near here have been arrested for petty theft, victims of circumstances for which we citizens are responsible.

I am inclined to agree with him that a great many of our citizens are responsible because they elected this do-nothing government. He goes on to say:

> This situation is not merely local but is general to the whole city and to the whole of Canada. The citizen of all ranks is quite aware of it and wants immediate remedy not only for the sake of our valuable youth, but to protect society and to avoid the terrible future cost of indifference.

And yet we are told of a proposed long range program of public undertakings! He says further:

> We have no right to discriminate against youth as in our present thoughtlessly begotten relief system. We now cut youth off relief, mothers' allowance and pension at sixteen years, and do not again afford relief till marriage. We spend millions on relief for all except youth, in a most questionable and many think a demoralizing method. We discriminate against youth at the worst possible time in life.
>
> The youth leaving school with high ideals for the future, finding himself in an indifferent society, becomes hostile to that society. We to whom this country afforded such rare opportunity in our youth cannot blame him for the loss of morals.

He continues:

> The federal government has, we believe, devoted $1,000,000 in the form of so-called vocational classes of education. In cooperation with the province of Ontario there is a class in a Toronto garage where some thirty boys are paid seven dollars per week to take a course in welding, and in Galt there is a class of less than thirty taking a machine shop course.
>
> As a result of ten years' experience with this problem, no matter how smug we may be, this is a contemptible showing.

Something must be done, Mr. Speaker, to occupy these boys and girls who are coming out of school, and done, not in two or three years, or in two or three months, but done now.

I am sure there are dozens of other principals of schools such as the Jesse Ketchum school in Toronto who could tell a similar story. A long range program may be all right for some purposes, but something must be done now. A long range program! How typical of this do-nothing government throughout its three and a half years of inaction!

Let me quote from the Toronto *Globe and Mail* of January 20 of this year:

> Mr. Neeland, deputy provincial secretary, in commenting on the jump in crime stated that, "the number of prison sentences in Ontario would reach a new high—higher than the previous record of 21,421 in 1930."
>
> Chief Constable Draper, head of the prisoners' rehabilitation society, could not be reached for comment. But in his 1937 police report, in commenting on the increase of crime among the younger-aged groups, he said: "Improper understanding of the value of discipline, and failure on the part of responsible adults to administer it in an effective manner and at the proper time, breed a lack of regard for authority and obedience in child life which ultimately leads to crime and incorrigibility."

It was just running through my head whether the parental negligence of the Prime Minister had anything to do with the unhappy state of the Liberal family from coast to coast. I agree with Chief Constable Draper that the reason he cites is one of the reasons, but how can you expect parents who day after day have been trudging the streets in an effort to obtain work, with all the worries they have on their shoulders, to begin to pay the proper attention to their children? Again, Mr. Speaker, how can you expect children, who have been brought up in the surroundings of bitterness caused by the failure of the parent to obtain work and the loss of self-respect through having to accept relief, to have a right outlook on life?

And remember, this is the plight of over fourteen thousand families in Toronto. There is an emergency, Mr. Speaker, and something has to be done. Talking is no good. Action is required.

The principal of the Jesse Ketchum school makes this suggestion:

> But there is one field in which our youth could be developed, which is inexpensive, has no waste, has no conflict with labour and which is the most effective way of meeting the greatest dangers of our present apathy. It can be applied immediately right across this country, already provided with facilities inviting our use. The field of discipline, physical, mental and moral health training for good citizenship stands preeminent.
>
> We could easily open our armouries by day, and use instructors supplied by the Militia department, corps of commissaires, and others, to give these lads at least a six weeks' course of well disciplined physical training to send them out well set up, healthier, alert in mind, body and spirit, to be much more readily welcomed in any line of industry that may open, and in society itself.
>
> These lads could be paid one dollar per day to feed themselves, with an extra twenty-five cents for bedding if the youth cannot live at home. A unit of a thousand such could be assembled in Toronto armouries in twenty-four hours. Slight additional cost would provide a very small staff and perhaps a pair of boots and socks where needed.

He goes on at further length, and then says:

> It is better and more economical to give our youth a break than to break our youth. A stitch in time saves nine.

If constitutional difficulties stand in the way of action, it is the duty of this government to find some way of getting around those constitutional difficulties. What is the Department of National Defence for? It is for the defence of Canada. It is for the defence of Canada from without, yes. Has it not a duty to defend Canada by whatever methods it sees fit, not only from without but from within? Has it not a duty to defend Canada against the enemies that are springing up, on account of the physical and moral destruction of our youth which is taking place? The Department of Labour may not have the constitutional power. The Department of National Defence has. Let the Department of Labour use the Department of National Defence in the cause of the defence of the morale of our Canadian youth. Do it right away: it is urgent.

How disillusioned the voter of 1935 must be when he recollects the nicely printed election cards and flaming bill-boards, "Elect us and you will get action"; "Get off the relief roll, get on the pay roll"; "King or chaos." The Prime Minister gave that promise to the electors. Four hundred thousand workless in Canada know how it has been kept. The fact is that after three and a half years, unemployment, our greatest problem, on which rest so many of the other problems of this country—railway deficit, over-government, tremendous taxation, and over-expenditure on relief works of no pressing need—has not been dealt with, much less solved. It is far worse.

The theory that increased world trade would bring unemployment solution to Canada may have had more merit before the day of economic nationalism, but it has broken down and can no more be depended upon. Canada can depend for her well-being upon what she can expect to export to other lands; first, only in so far as she can trust the economic stability and integrity of those lands and those peoples who need and must have our products; second, by producing by Canadian labour those products which we can in Canada consume. How far have we gone towards producing those products? Is there any evidence that the Prime Minister recognizes these facts? No. The Prime Minister is chasing the mythical butterfly of foreign trade in these days of economic nationalism. He is trying to show the world what a good fellow he is, at the expense of the industrial worker of this country. The industrial worker is told that for the sake of foreign trade he must starve in competition with foreign slave labour, foreign bargain-counters of surplus goods, foreign depression bankrupt sales, foreign standards of living.

Is it not the duty of the Prime Minister to take some steps to see that this condition does not exist? Our workmen can produce products in competition with any foreign country on a fair and even basis. What encouragement has been given along these lines? The mechanic or the artisan wishes to work at his trade with future prospects and security. The young people coming of workable age wish to learn a trade that has future security. They do not want relief or work on relief projects. We shall never get this country better by spending money on palliatives, makeshifts, unnecessary public works. This will only increase the burden. Canadians want useful work in industry. The government gives aid and assistance towards many classes of trade and production, such as the tourist trade, agriculture, mining development by geological surveys, and certain primary industries by railways and roads, but the secondary industries in which such a large proportion of our workers are either unemployed or on part time, have been underpaid

of necessity by competition, and get no encouragement. In fact, the aid given to these other departments of industry is obtained very often at the expense of and from the secondary industries. There is no mention in the speech from the throne with respect to the encouragement of our great secondary industries, and yet in 1935 these were the figures for the five major groups of our industrial life provided by the census returns. There are five groups, namely, animal products, vegetable products, iron products, textiles, and wood and paper products. The total gross value of the production was $2,050,000,000, and the number of people employed at that time was 480,000. Industries employing that many people surely deserve some consideration, but they are entirely neglected except when they are the target of criticism and abuse or are looked upon as a source of revenue.

We have the statistics with respect to the products of Canada. There is a prospective market in Canada for certain products now imported from other countries. Has the government considered these statistics with a view to increasing work for the industrial workers by taking advantage of the prospective market which we have? No. The industrial worker has been neglected for three and a half years.

Mr. Speaker, what a fair land Canada is! An industrial future is definitely forecast for us by the abundance and variety of our natural resources and the creative genius of our people. There is only one way for us to prosper and profit to the full from our resources. We cannot avoid becoming an industrial nation. This is essential not only to our national economy but to our place in the world. It is not possible for a great people just to be a market for the products of others while selling only raw materials to others. No nation grows great by what it sells; it grows great by what its people produce and use. Merely selling off our natural wealth will get us nowhere. It is economically wasteful and it retards the development of a national spirit. There is no growth in the mere selling of raw materials. Industry has socialising effects in creating a diversified market and a self-sustaining people. The best basis of prosperity is production. Mere trade, however big, is not enough. The best indication of prosperity is the full dinner pail. The barometer is how much money each man makes and how much he works, not the volume of trade. Spent money will never lift us. We can be raised only by producing more of the things of life. It is not the selling or the trading that is good for us but the making and using by the people.

The natural resources of Canada belong to the people of Canada. They are administered by the various governments of Canada, and it is the duty of the government to see to it that they are so administered that as many people of Canada as possible get the benefit; otherwise we are selling our heritage for a mess of potage. The people have the right of opportunity, under fair competition, to make supplies and machinery and supply labour which enter into the development of those resources. We should not think of allowing the importation of cheap, foreign Chinese or Japanese labour to develop these resources. Why, then, allow the importation of any more than is necessary of these supplies and machinery, which are made under unfair competition? Last year we imported six and a half million dollars of mining machinery from the United States. If Canadians had made it, or at least a great deal of it, there would have been just that much less unemployment. Last year we imported nineteen million dollars worth of agricultural machinery. If Canadians had made it, there would have been just that much less unemployment. These are only two examples. There are many others. What has this government done to explore this field? It has been chasing after the butterfly of foreign trade. Surely the mining development taking place in Canada and the future prospects for a demand for mining machinery provide an opportunity for lessening unemployment. This government has given no such encouragement with respect to this.

Mr. Speaker, I wish to say a word with regard to the method of making the so-called tri-party treaties. These tri-party treaties are terribly misnamed because they are twenty-five party treaties. I do not see any mention of the twenty-five party treaties in the speech from the throne. Why should the government fool the people into believing that these twenty-five party agreements are tri-party agreements? They are not only treaties between Canada, the United States and Great Britain; these treaties include concessions to Germany, concessions to Japan, concessions to Italy and many other countries, concessions equivalent to those to the United States, for absolutely no return by way of concessions to Canada. In some instances we have an arrangement for an equal dollar for dollar trade balance, but we have not a working hour for working hour balance.

Our workmen are in competition with lower standards of living, regimentation and slave labour.

However, a word or two about the making of these treaties. During the past eighteen months those who have been the guardians of the industrial worker have been sweating blood, afraid, in some instances to speak for fear of retaliation. During the negotiations for the treaties, requests by various industries for hearing were denied—a dictatorial attitude. I cannot help but view with alarm the far-reaching consequences to Canada as a result of this treaty. I ask the people of this country to keep an open mind. I ask them not to become prejudiced by the efforts to create a patriotic issue. It may have been necessary for Canada to forego some of the preferences to the British market that we were requested to forego by the government of Great Britain, in order that a closer relationship with Great Britain and the United States might be obtained. We were so advised by the Prime Minister; but before the people of Canada can come to an intelligent conclusion as to the course pursued by the government in making these treaties, they should be fully advised as to what we were requested to concede, and, further, what we were compelled to concede. All the relevant correspondence in the matter with respect to this treaty should be published. Our sacrifice of preferences is tremendous—quite sufficient for an exchange of considerable further concessions to Canada. The main issue is, will the consummation of this treaty give one more man a job in Canada?

Mr. Speaker, I submit that the government did not have to give the widespread increases in the concessions to the United States for the paltry advantages which we have obtained. Now, how was the treaty negotiated by Great Britain? Through the board of trade on the advice of the British import duties advisory committee composed of outstanding experts, who received advice and information and representation from various trade organizations. Then some thirty experts proceeded to Washington. In the United States information with respect to various products and industries affected was published; industries and farm organizations were notified that there would be public hearings of their cases. In Canada the treaty was negotiated by three civil service executives. I do not wish to belittle the ability or the knowledge of those directly connected with the making of the treaty; I have the greatest regard for their ability; but I do suggest that carefully selected executives of Canadian industry should have been asked to assist the government in reaching a fair and equitable course towards any trade relationship that Canada's economic position requires. A few executives of the government could not possibly have sufficient knowledge or a full enough understanding to be entrusted with the consummation of a treaty with such far-reaching implications, and I know they are the best brains in Canada. The best scientific brains possible should have been enlisted in a matter of such import and having such far-reaching effects on our Canadian people.

It may be the custom to negotiate such treaties secretly, but surely not so secretly that those industries which are to be affected should not have knowledge. This would certainly prevent inertia in those industries not to be affected by the proposed treaties. It would have allayed fear and encouraged any expansion that might be contemplated. It would not cause unemployment as has been the case in the unaffected industries.

Whom do we blame? I submit that the development of industry for the production of goods consumed or used by Canadians has been set back years by the ineptitude and inertia of this government.

And now, one word about the amendment moved by the hon. member for Winnipeg North Centre (Mr. Woodsworth). First of all, I submit that by the laws of Canada and through the Bank of Canada and various departments of government we have the machinery for a very effective control of financial interests and monopolistic enterprises. If monopolistic enterprises and financial interests are exploiting the Canadian people, it is not because the administrations of the various governments of the country are powerless or unable to control them or because these administrations are unwilling. And second, I think I have amply demonstrated a field which, if it had been thoroughly explored during the last three and a half years, would have amply proved that unemployment, at least in the urban centres, can be eliminated. Therefore, I intend to vote against the amendment.

When we consider that there are 400,000 workers idle in Canada, and 400,000 more people on part time, I do not think there is any gratifying reduction in the total number of unemployed. It is terrible to think that this situation exists and still has not been dealt with, and now we are told, after three and a half years, that the ministers recognize that the plight of those who are still unemployed cannot wait, and propose therefore to expand the government's long range program

of public undertakings. Why such a hurry now after three and a half years of do nothing government? I submit, Mr. Speaker, that what we want is action.

The Prime Minister (Mr. Mackenzie King) has been so busy appointing commissions to man the ship of state that for the past three and a half years the ship of state has never been able to get away from the dock but is just where it stood in 1935, and the people of Canada, you and I, have been paying wharfage dues all these years. We must get a new skipper with courage. There are honest passengers waiting to get on, fine decent passengers willing to help. There should be no poor in Canada who are willing to work. Let us make the prophecy come true—the twentieth century belongs to Canada, not to the Liberal government.

Mr. JOSEPH A. BLANCHETTE (Compton) (Translation): Mr. Speaker, I desire first of all to congratulate the two hon. members who proposed and seconded the address in reply to the speech from the throne. Both performed most creditably the honourable task which had been entrusted to them. Allow me to offer my very special and warm congratulations to the hon. member for Stormont (Mr. Chevrier) for the high repute in which he is held and which reflects on his constituency, his mother tongue and his Canadian origin. He is a perfect gentleman, active and industrious, and always seeking to promote the interests of his constituents. The Prime Minister (Mr. Mackenzie King) could not have made a better choice, and we are most grateful to him for it.

Mr. Speaker, I shall have the opportunity in the course of the session to make some observations in my native tongue. On the present occasion I wish to continue my speech in English.

(Text) Mr. Speaker, at the very outset of my remarks I wish to add my sincere appreciation to that already expressed by speakers in this debate on both sides of the house with reference to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. The speeches of both these hon. members have been highly praised by the Prime Minister (Mr. Mackenzie King), and by the Leader of the Opposition (Mr. Manion) and by the press, and rightly so, because the consensus of opinion is that they were of an exceptionally high order as regards both style and rendition. All this goes to show that great credit is reflected not only on the mover and seconder but also on the ridings which these gentlemen represent in this house.

The eastern townships are also especially gratified at the announcement that Their Majesties the King and Queen are to pay a visit to our section during their sojourn in Canada. I know their majesties will find the hearts of our Anglo-Saxon and Norman stock responsive and imbued with loyalty, fidelity and appreciative homage to our devoted rulers.

This debate, as do all similar debates, has brought forth comments both favourable and unfavourable upon the actions of the government. We may have found in some instances excess of zeal either in praise of the achievements or in condemnation of the lack of achievements of the government, but there is one point at least upon which I believe all hon. members will agree; that is, that exceptionally difficult times are being experienced not only in Canada but throughout the entire civilized world. Were unemployment and social and economic unrest prevalent in Canada only, in spite of my sitting on this side of the house I too might be prone to criticise the government and our Prime Minister. But when with a calm and open mind I survey conditions in other sections of the world, and the economic and social disturbances with which they are affected, in addition to those which we find here in Canada, all the miseries and privations and hardships that exist under dictatorships and that do not prevail in democratic countries, I feel that Canada is not such a bad country to live in and the government is not altogether derelict in its duties.

The government, after all, is a human institution. It is composed of men of some competence in their respective fields, but just as no individual is able to please everyone, is it possible for this government to do so? I speak of the cabinet as a whole; criticise them as we may, we must admit that we have as Prime Minister of Canada a statesman whose qualifications of foresight and statesmanship and whose knowledge of external affairs as well as of economics and social science are recognized not only in this country but throughout the British empire and elsewhere. In our private affairs we would not hesitate for a moment to confide our legal business to the Minister of Justice (Mr. Lapointe), our agricultural concerns to the Minister of Agriculture (Mr. Gardiner), our financial affairs to the Minister of Finance (Mr. Dunning), our labour relations to the Minister of Labour (Mr. Rogers), and our structural undertakings to the Minister of Public Works (Mr. Cardin) and the Minister of Transport (Mr. Howe). All the ministers are doing their utmost to attain the ends which we are all seeking, the relief of unemployment and the betterment of economic and social

conditions throughout Canada. This government may not have accomplished all that the opposition feel it should have done, but I believe the record of this administration compares favourably with that of the previous one.

Perhaps hon. members are a little more exacting when in opposition than when sitting on this side of the house. Certainly I find that the accomplishments of hon. gentlemen opposite in six sessions cannot compare favourably with what has been done by this government in the last three sessions. My memory takes me back to 1930, when unemployment was to be done away with within ninety days, when a way was to be "blasted" for our products into the markets of the world, and we were told that all the ills of civilization could be banished from this young country if the government would only do its duty. Time marches on: 1931, 1932, 1933, 1934, 1935. What improvement in 1935 over 1930? That was a question not for hon. members of this house, but for the electorate to decide. And their verdict was given at the polls with no uncertain voice.

What are some of the achievements of the present government? In 1936 the deficit was $160,000,000; in 1938 it was reduced to $13,775,000. The 1936 budget reduced the tariff on 192 items. In 1937 there were further reductions covering 354 more items, including a wide variety of household articles, wearing apparel and implements of production. In 1938 building supplies and materials were exempted from sales tax to encourage the construction of homes. Yet, despite the most sweeping tariff reductions in Canadian history, customs receipts increased from $74,000,000 in 1935-36 to $93,000,000 in 1937-38. More than $600,000,000 of the public debt has been refunded during the past two and a half years, resulting in a saving in interest charges in excess of $10,200,000. The annual interest bill for the last fiscal year was the lowest for any year since the war, despite the fact that in the past seven or eight years more than one billion dollars had been added to the public debt. The average interest rate on the Canadian public debt between 1931 and 1938 was diminished by 29 per cent.

This party, firmly believing that trade is the basis of industrial and commercial development, and that this country with its vast resources needs trade, upon its accession to power immediately declared its willingness to cooperate with other nations in examining current trade difficulties with a view to their removal. As a result, Canada's total trade in 1937 almost attained the two billion mark. In 1937 Canada's trade was greater by 50 per cent than in 1935. For the years 1935-36 and 1937-38 the increase of trade with the United States was $231,000,000.

In agriculture the policy of the government has been to lower the cost of production and enhance the selling price of the product. Likewise mining and fishing have been helped to a marked degree. The value of our animal products in 1937-38 represents an increase of more than $35,000,000 over 1935-36. The production of our fishing industry in 1932 was valued at $26,000,000 with an export value of $18,500,000, whereas in 1937 its value was over $40,000,000 with exports increased by some eight or nine millions.

Total mine products for 1935-36 were valued at $284,000,000 and for the fiscal year 1937-38 at $391,000,000, an increase of $107,000,000, or 37 per cent. For the fiscal year 1935-36 exports of products of the forest totalled $182,000,000, and for the year 1937-38 they were $253,000,000, an increase of $71,000,000, or 39 per cent. Total production of all industries for the year 1935 amounted to $2,559,523,000 and for the year 1937 to $3,044,189,500, an increase of $484,666,500. The estimated national income for 1935 was $4,094,000,000; for 1937 it was $4,870,000,000, an increase of $776,000,000. In each instance the increase amounts to 18·9 per cent.

In October, 1937, the employment index reached the highest point in the history of Canada, higher even than in the boom year of 1929. The housing act, the youth training projects and grants towards public works aided in the relief of the unemployed. The sums poured into the channels of unemployment relief since this government came into office afford proof that it is seized with the gravity of the situation. Referring to the joint grants which Quebec has received in order to relieve unemployment these may be summed up as follows, from January, 1936, to October, 1938: Total relief grants in monthly allocations aggregated $17,210,625; direct relief, $24,976; public works, $4,073,831; agricultural aids, $162,871; youth training, $86,227; other provincial assistance, $108,485, or a total of almost $22,000,000. In addition, from August, 1936, to September, 1938, there was contributed towards the cost of old age and blind pensions almost $15,000,000. In November, 1936, the Quebec provincial government submitted to the federal government eighty-seven relief projects, all of which were approved. In September, 1937, the same government presented a list of thirty projects in connection with relief, all of which were again approved. In other words, the provincial government submitted to this govern-

ment its relief projects, and if these projects did not meet with the desired success or failed in their purpose, why should this government be held totally responsible? The administration and spending of these funds, together with the choice of the labourers, to a certain extent, and the location and nature of the project, were in the hands of the provincial government.

I do not wish to convey the impression, Mr. Speaker, that I feel the government has done all that its critics say it should have done, but I believe it has done its duty in view of world conditions prevailing. By no means do we consider our work finished, because this session is but beginning. During the past three years few of us, if any, have not found the ministers and the heads of the various departments hard at work in order to relieve the conditions that exist throughout the country, and I believe that to term this parliament the do-nothing parliament is as much a misnomer as it would be to call the previous parliament the do-all parliament.

In a cursory way I should like to touch upon three subjects mentioned in the speech from the throne. I refer to agriculture, unemployment and youth training. One of the most vital industries in this country, agriculture, has not been on a paying basis for a number of years, though conditions have been ameliorated to a certain extent in some quarters. Agriculture must be made more profitable if we wish our farming classes to be encouraged to continue in their vocation. This class has suffered more than any other, through the depression of its dollar purchase value. Our farmers ask, not for a minimum wage, but rather for a living wage in return for their investment and their labour; and I believe that no grant this government could make would be better or more fruitful in its results than that meted out to the farming population which forms the sinew and backbone of the nation. And if a particular agricultural crop or product should require temporary assistance, everything possible should be done to come to its rescue.

According to the 1931 census, 46 per cent of our entire population is rural. In the province of Quebec, roughly speaking, there are 136,000 farms of an average value of $6,452 per farm, with an average area of 127 acres. At the last census 36 per cent of the province of Quebec was rural. Those figures also tell us that the gross revenue for the average Quebec farm is $1,359, and that the cost of feed, fertilizer, spraying chemicals, seed and hired labour averages about $200. If we add to this the disbursements for insurance, interest on investment, depreciation and fuel, we must add at least another $212, giving a very conservative expense account of $412, leaving a net return of $947 to provide for an average family of eight persons. This modest amount must suffice for medical care, educational development, social diversion, clothing, life insurance and the purchase of food not raised on the farm, providing an annual amount of approximately $118 per capita of our farm population, or not quite $10 per month.

I believe, Mr. Speaker, it will be admitted forthwith that to cite the problem, by breaking down its factors, is to ask in no uncertain terms for a solution of this paucity in the revenue of the farmers in return for their toil. The farmer has helped greatly in the development of this country. He has maintained, step by step, each stage of progress which we have attained. He helped greatly to win the war. He has produced some of our greatest men. His achievements are an open book, and we may safely deduce his future by his past. It is seldom that we read of uprisings in his midst. The chief asset of Canada, as it is of any other country for that matter, is the farming class which offers a bulwark or a precious stability to its institutions.

The farmer is not asking for a minimum wage, but he has a right to a living wage. He should receive a reasonable return for his investment—his labour. If that return or remuneration is not sufficient to give him a living wage, if that return or remuneration is suicidal, then I believe that ways and means should be devised for his rescue for the time being, until such time as the price of his major crop or major product has been resuscitated. I feel that I have in a cursory way presented the case of the Quebec farmer and I trust that the Minister of Agriculture will do his utmost, when bringing down his estimates, to come to the assistance of the farmer who is in need of this assistance.

Of similar major importance is the question of unemployment. In this respect Canada is not unique; it resembles many other countries. None the less the gravity of this question demands the serious consideration and cooperation of all concerned. Much to my regret, the $30,000,000 made available by the Municipal Improvements Assistance Act, untouched as yet in some sections of the country, does not speak very eloquently of the cooperation of which we hear so often from some quarters, but which we do not always see translated into tangible actuality. Public works, tourist and mining roads, municipal developments, housing and the develop-

ment of air ports—all of these are conducive to the relief of the unemployment situation, and in my opinion should be favoured and enhanced as much as possible. Neither has close cooperation been given in some quarters to the national housing act. Cooperation should have been whole-hearted, because this act, with the Municipal Improvements Assistance Act, could create employment to the extent of $150,000,000 with no increase in the debt or taxation of the municipalities or provinces and with very little expense to the federal government.

As a tangent to unemployment, and really as part of the problem although generally treated under a separate heading, I should like to say a few words about youth training. This training was begun in 1937 on a cooperative scale. It was continued in 1938, and I was pleased to hear in the speech from the throne that the policy is to be continued, I trust on a larger scale than in the past. The keystone of the next generation is inherently in the youth of to-day, many of whom have been forced to abandon trades, schooling or professions for lack of funds and who have become, through no fault of their own, wandering ships on our economic sea with no port to which to go. All this in spite of the vigour, vitality, earnestness and ambition of our Canadian youth.

One of the definite factors which must be taken into account in connection with this youth problem is the trend away from the farm to the city. This factor cannot be brushed aside lightly. Between 1921 and 1931 there was a decline of over 26 per cent in the number of farm operators under twenty-five years of age, and this decline is continuing. The depression has made employers, who in the past had catered to the teaching of trade, reluctant to assume the continuance of that practice. In support of this contention I would state that of 7,700 firms approached by the national employment commission, only 24 per cent had any youth training plan.

I believe it is a recognized fact that since 1929 industry and commerce in their various branches have lost many of their skilled and qualified workers. In my opinion both industry and commerce should endeavour to take as many of our youth as possible. Incidentally the various governmental departments might set an example by replacing incumbents of superannuation age with unemployed youth, thereby putting no hardship on the former and preventing the discouragement of the latter. One of the occupations in this country which is not overcrowded is aviation. What a field this industry offers in its many branches to the serious minded youth of to-day! I believe the government could help materially in fostering the development of aviation. With that aim in view it should establish training schools in provinces which heretofore have not been favoured with such. To my mind this would be of great assistance to our youth as well as reduce unemployment.

I know that all these suggestions for the relief of agriculture and unemployment and to provide youth training necessarily mean the spending of money. I realize that at times governments are criticized for increases in spending. If the moneys voted are necessary; if they are employed for a useful end and are honestly spent, I must say that I do not sympathize with such criticism in times of depression. When sickness attacks the human body, we do not cavil at the expense necessary to save it and to bring it back to health. To a great extent the economic body should be treated similarly. All that can be done to save it should be done, no matter how expensive the treatment, providing the expenditures are to relieve the ailments which are gnawing at our economic structure and at times threatening its very life. The existence of a nation, or by corollary the existence of any major or component part of it, cannot be measured in dollars and cents. To do so may seem to be good accountancy, but at times it may become a travesty on social justice, a shirking of our responsible duty and the opening of the door to greater want, privation and suffering.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, it is too early yet to criticize or approve without reservations the sessional program in its entirety. The speech from the throne mentions, among others, measures relating to trade and commerce, unemployment and national defence. The commercial treaty signed with the United States, if the expectations of the government are to come true, will bring to the farmer, the industrial worker, the manufacturer and all citizens of this country the benefits to which they are entitled. At the dawn of a new economic era in our country, I sincerely hope that it will be so.

As the treaty signed at Washington, on November 17, 1938, is of paramount interest to the market-gardeners and farmers of my constituency and the whole country, I wish to call the attention of the house to the description of fruits and vegetables which will enjoy the benefits of a seasonal tariff. Such a tariff, which I have advocated incessantly for the past fifteen years, was unanimously approved by this house in 1936. Long be-

fore the conclusion of the last trade agreement with the United States of America, I had often called the attention of the Prime Minister (Mr. Mackenzie King) and members of the federal government on the importance of protecting products that play such an important part in our economic life. I therefore see with much satisfaction that Canadian potatoes in their natural state will enjoy the protection of a duty of 37½ cents per hundred pounds over potatoes produced in the United States, from June 15 to July 31 inclusive. Asparagus will have a protection of a general duty of 10 per cent, plus 4 cents per pound for a period of 10 weeks. Green beans, in addition to a general duty of 10 per cent, will enjoy a protection of 1½ cents per pound during 14 weeks. On cabbage, there will be a general duty of 10 per cent, and a special protection of ⅘ cent per pound during 26 weeks of the year. In view of the clearness and the precision of that statement, may I read into the record the description of a number of items together with the duties on farm products of the United States. I find in the new trade agreement the following table relating to vegetables interesting the producers of my constituency and the whole country:

Brussels sprouts, 10 per cent.
Carrots (⅘ cent per pound: 26 weeks), 10 per cent.
Beets, n.o.p. (1 cent per pound: 26 weeks), 10 per cent.
Cauliflower (1½ cents per pound: 20 weeks), 10 per cent.
Celery (⅘ cent per pound: 26 weeks), 10 per cent.
Cucumbers (2 cents per pound: 26 weeks), 10 per cent.
Lettuce (⅘ cent per pound: 18 weeks), 10 per cent.
Parsley, 10 per cent.
Pees, green (2 cents per pound: 12 weeks), 10 per cent.
Rhubarb (1 cent per pound), 10 per cent.
Spinach, 10 per cent.
Tomatoes, but not less than, per pound, 1½ cents, 10 per cent.

Producers will no doubt be interested to learn the following particulars in regard to fruits generally produced in the Montreal district:

Plums and prunes, May to November, inclusive, (Plums 1 cent per pound: 10 weeks) (Prunes 1 cent per pound: 8 weeks), 10 per cent.
Strawberries (1⅜ cents per pound: 6 weeks), 10 per cent.
Raspberries and loganberries (2 cents per pound: 6 weeks), 10 per cent.
Berries, edible, n.o.p., 10 per cent.
Quinces and nectarines, June to February, inclusive, 10 per cent.
Apples, fresh, in their natural state (⅘ cent per pound), 15 per cent.
Cantaloupes and muskmelons (1¼ cents per pound: 8 weeks), 10 per cent.
Melons, n.o.p., each, 2 cents.
Fruits, fresh, in their natural state, n.o.p., 10 per cent.

To avoid any misunderstanding on the part of all concerned, I will read a very material clause of the new treaty:

Provided, That, as regards such of those articles dutiable under tariff items 84, ex 85, 87, 92, 93 and 95, as are marked with an asterisk in this Schedule, Canada reserves the right to fix the value for duty at a figure exceeding the invoice value by not more than the amount set forth in the parentheses following the descriptions of the several articles;

The values so fixed shall not be maintained in force in any twelve months ending March 31 for a period in excess of the number of weeks set forth in the parentheses following the description of the several articles: provided, however, as regards articles dutiable under subitems (d) and (e) of tariff item 87, the number of weeks during which the value so fixed may be maintained in force may be divided into not more than two separate periods, the combined duration of which shall not exceed the number of weeks set forth in the parentheses following the description of the article.

Provided further, that Canada reserves the right, after consultation with the United States of America, to substitute, in whole or in part, for the system of protection of these fruits and vegetables by means of advances in values for duty purposes, a system of specific duties which shall not be more burdensome on imports from the United States of America than that provided for in this Agreement.

Mr. Speaker, some other clauses of the trade agreement are of great importance to the farmers of Canada. It is those by which import duties are lowered on farm implements of American manufacture or origin. Mowers, binders, hay loaders, hay presses, scythes, hoes, forks, rakes will be admitted under a rate as low as 7½ per cent. Spraying machines, pressure testing apparatus for determining maturity of fruit, pruning shears, animal dehorning instruments will be subject to a duty of only 5 per cent when imported into Canada. A large number of parts, including roller and sprocket link chains, when imported by manufacturers of agricultural implements, will pay the same rate of duty. Internal combustion traction engines will be admitted free of duty; corn husking machines, threshing machine separators and wind stackers will pay an import duty of 7½ per cent.

It is to be hoped that the lowering of import duties will result in a corresponding reduction in the price of farm implements. Thus the farmer will be enabled to purchase at a reasonable price the implements essential to the tiller of the soil. A government worthy of that name must never lose sight of the well-being of the farmer as the future of Canada rests on agriculture itself. That is why on many occasions and particularly in the course of last session I insisted on the necessary reductions in the prices of farm implements. I have noticed since that in the autumn of 1938 certain companies have reduced their prices. How-

ever, the new tariff resulting from the recent commercial agreement will make it possible to effect further substantial reductions.

In spite of the government's undeniable efforts it has been impossible so far to find an acceptable solution to the unemployment problem. The present economic situation is to blame. The collapse of the labour market is not peculiar to Canada; it exists with few exceptions in all the countries of the world. The most effective remedy for this deplorable situation is to be found in more friendly and extensive commercial relations between nations. So long as nations look upon each other as enemies, so long as they refuse to entertain towards each other sentiments of friendliness, of justice and of charity, we shall have to despair of being able to find a definite solution for this important problem.

The financial and economic situation of a country can improve only in peace. Competition in armaments is only the prelude to infernal horror. Shall peaceful relations, goodwill and sound reason prove stronger than occult forces, merchants of death and abominable war profiteers? There is something dearer to the heart of every true Canadian than power. It is liberty; it is his country's autonomy. Since the enactment of the statute of Westminster, Canada is in no way subordinate, internally or externally, to any other country of the British Commonwealth of Nations. She is a sovereign country, freely associated with the other British nations. Her status is equal to that of these other countries. Should one or more of these nations be at war, Canada is not necessarily at war. Otherwise, the statute of Westminster would be nothing but a shameful mockery.

Canada being, according to the statute of Westminster, a self-governing country as regards England, any declaration contrary to this treaty must be considered, in the event of war, as outmoded and false. I need not repeat that I am irrevocably opposed to any increase in defence appropriations so long as they may serve to involve Canada in a foreign war. I go further. In the name of the country's most cherished interests, no decision should be taken as to Canada's participation in an extraterritorial war without an appeal to the people. For, is not the expression of the popular will the very foundation of our constitution and of our government? Neither an increase in military appropriations nor Canada's participation in foreign wars had been submitted to the people during the last general election. Consequently, should a conflict occur in central Europe, in America or elsewhere, I assert that the Canadian people alone would have the right to make a decision in such a serious matter. And public opinion, made wise by experience would certainly condemn any attempt to participate in a foreign war. The people of Canada know what the last war has cost and is still costing them. The Canadian taxpayer being called upon daily to make enormous sacrifices to pay the price of our last participation in a war, it is his privilege more than anyone else's to say what our foreign policy should be. At a time when so many able men take the attitude of indomitable champions of democracy, shall we refuse to the voters of the country the right to decide themselves whether the country is to survive or to perish? As a matter of fact, the supreme folly of another adventure in a foreign war would spell the permanent ruin of Canada.

Before closing my remarks I desire to draw the attention of parliament to the immigration question. I have no hesitation in saying that we do not want any immigrants no matter whence they come. In the name of democratic traditions and principles, some people considered they were acting patriotically in addressing to the members of this house pamphlets in favour of a certain class of immigrants. In my humble opinion, they have attained a result contrary to their aims. Should we sacrifice the vested rights of our own nationals to the inevitable competition of newly arrived foreigners in all lines of activity? The social, financial and economic situation of the country prohibits any attempt at immigration and enjoins to our rulers prudence, wisdom and a clear vision of the needs of the moment. I therefore consider it a national duty for Canada to close its doors to all immigration so long as the economic situation has not improved more substantially within her own borders.

Mr. Speaker, I have just one more word to say. The right hon. the Minister of Justice (Mr. Lapointe) has recently been censured by some hon. members of this house. In the interests of order, truth, faith and morals, he refused to be swayed by the insinuations, the representations and the threats of those who oppose the padlock law. All praise to him! The sound element in our population has no use for mischief makers and spreaders of false doctrines. Those who only seek to exploit materialism and envy by disregarding morals and christianity can have no place in a civilized country. That is why I have a deep admiration for the firm, courageous and patriotic stand taken by the right hon. the Minister of Justice.

In conclusion, I take pleasure in congratulating two new ministers of the crown: the hon. the Postmaster-General (Mr. McLarty) and the hon. the minister without portfolio (Mr. MacKinnon). Both have my best wishes for a long and fruitful career. As regards the hon. the Postmaster-General, I would urge him to give favourable consideration to the claims of our rural mail carriers. On several occasions during the three last sessions of this parliament, I have pleaded for a fair and reasonable remuneration for that class of civil servants. At the moment when a new minister is taking up his duties, I ask him to treat his majesty's mail carriers with the fairness they are expecting from his department.

Mr. E. E. PERLEY (Qu'Appelle): At the outset I desire to express my congratulations to the two hon. members of this house who to-day have been promoted to the honourable position of members of the privy council. I know the hon. member for Edmonton West (Mr. MacKinnon) very well, and from what I have seen and learned of the other hon. member (Mr. McLarty) I know that both of them will fill their positions with distinction to themselves and no doubt will extend to the opposition members that fairness which will cause us to appreciate the fact that they have been promoted.

I should like also to join with other hon. members in expressing congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address. They acquitted themselves well, but let me say to the hon. member for Brandon that he should not take any great credit from the assumption that the verdict of that constituency is the voice of the west; for if he will review the results in the rural polls, he will see that there the Conservative candidate, young Beaubier, made very considerable gains—a proof, I think, that the rural people of the west do not endorse the agricultural policy of this government.

I wish also to join hon. members in expressing my appreciation of the fact that we shall have this summer a visit from their majesties. I should like to enlarge upon the thought expressed by the hon. member for Humboldt (Mr. Fleming) when he referred to the fact in our province of Saskatchewan—and although he mentioned particularly his constituency I speak now of the province as a whole—we have possibly the most cosmopolitan population of any province in the dominion. Many nations are represented there and all are true Canadians and loyal citizens. Many of them are citizens not by birth but by choice, and I venture to say that the spontaneous expression of loyalty and devotion to their majesties will be no less in that province than in any other province of the dominion.

You, Mr. Speaker, having been on former occasions in a similar position, will appreciate the difficulty in which I now find myself. I did not expect to continue this debate to-night, but as you know, whips generally have to arrange things and sometimes find it necessary to change the program. I am in the difficult position of endeavouring to start a speech at a few minutes before adjournment. You have been very generous in your favours to hon. members, and as I propose to speak on only two or three problems that affect the west in particular, I do not desire to have my speech broken into very much. I am going to ask you, therefore, Mr. Speaker, to permit me to move the adjournment of the debate and to call it eleven o'clock at this time.

On motion of Mr. Perley the debate was adjourned.

On motion of Mr. Crerar the house adjourned at 10.45 p.m.

Tuesday, January 24, 1939

The house met at three o'clock.

CRIMINAL CODE

AMENDMENT TO PERMIT SWEEPSTAKES ORGANIZED BY PROVINCES FOR BENEFIT OF UNIVERSITIES OR HOSPITALS

Mr. VITAL MALLETTE (Jacques-Cartier) moved for leave to introduce Bill No. 10, to amend the criminal code.

Some hon. MEMBERS: Explain.

Mr. MALLETTE: Subsection 6 of section 236 of the criminal code has to do with the exceptions in favour of lotteries. One of these exceptions is found in paragraph (e), as follows:

(e) the Art Union of London, Great Britain, or the Art Union of Ireland.

This exception is now obsolete. However, all hon. members know that quite a few sweepstakes are now being held throughout Canada. It is the intention of the bill to repeal paragraph (e) and replace it by another which would permit the recognition of sweepstakes by the governments of the provinces, the benefits to go to universities and hospitals.

The bill, Mr. Speaker, speaks for itself.

Motion agreed to and bill read the first time.

UNEMPLOYMENT

RELIEF HOSPITALIZATION—ARREST OF SINGLE UNEMPLOYED MEN IN TORONTO—CASES ON REMAND AT TIMMINS AND WHITBY

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask a question of the Minister of Labour (Mr. Rogers), notice of which was given last week-end but a reply to which was not included in his remarks yesterday.

First, will the minister consider the giving of assistance for relief hospitalization? Second, will the minister consider the cases of thousands of senior citizens, industrial workers and others out of work, who are not on relief but are suffering? Third, the minister stated that the prosecutions in Toronto are under the city's by-laws. I would point out that they are being taken under the criminal code as well as under the city's by-laws. The minister stated that these men are in gaol. They got out of gaol last Friday.

Mr. SPEAKER: Order. The hon. member has the right to put questions of public interest on the orders of the day, but he has not the right to make a speech.

Mr. CHURCH: I have a question to ask, Mr. Speaker, but first I wish to call to the attention of the minister, without comment, the cases of those on remand at Timmins, Whitby and Toronto gaols, and to ask what action will be taken. Will the minister give consideration to these complaints, and will he pass some reference over to the provincial authorities when they come up for trial?

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, the several matters to which my hon. friend has referred are of such a kind as are constantly receiving the attention of the Department of Labour. As I informed the house yesterday with respect to the position of transients in Toronto who are under remand, the matter is now the subject of communication between the Department of Labour and the Department of Public Welfare in the city of Toronto.

BUSINESS OF THE HOUSE

RULE RESPECTING QUESTIONS PERMISSIBLE ON THE ORDERS OF THE DAY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, perhaps hon. members would allow me, not with a view to curtailing discussion in any way, but rather to enable the house to get on with its business, to draw attention to the rules with respect to asking questions on the orders of the day.

The rules do provide for an opportunity to ask questions on the orders of the day with reference to an emergent situation on which it is desirable to have immediate information from the ministry. But if hon. members will look at standing order 17, and citation 197, they will see that the rule is that:

> A question which could be inserted on the order paper is not allowed on the orders of the day being called.

Yesterday we had a regular battery of questions on the orders of the day. I think most of them might have been placed on the order paper. Probably they would not have been allowed except that his honour the Speaker did not wish to prevent anyone from having as much latitude as possible. The rule which I have quoted is there for the convenience of all members of the house, and no doubt his honour the Speaker will wish to see that it is enforced as we proceed.

Hon. R. J. MANION (Leader of the Opposition): Just one word in connection with what my right hon. friend has said. I quite agree that the rule is there. At the same time I think that both he and I have been impressed with the fact that in the British House of Commons the question hour is literally an hour or more; and I am wondering if it would not be to the advantage of all of us, of the house, and of the country, if in this, as in so many other things, we were to follow the British custom and permit a little more latitude in regard to questions, so that the country would have a reasonably prompt reply in regard to many matters. I am not saying this with any thought of embarrassing the government or of criticizing the remarks of the right hon. gentleman. It is merely that I believe that for the sake of good government it would be a good thing, whatever party is in power, to permit a considerable amount of latitude in regard to such matters as this.

Mr. MACKENZIE KING: First, in regard to what my hon. friend had to say as to the custom in the British house in answering questions on the orders of the day, the British house, like this house, is governed by its standing rules, and the rules of the British house are somewhat different from the rules here. If the rules of this house are to be changed they ought to be considered in the first instance by the appropriate committee of the house and approved by the house. So long as the

rules are what they are, I think my hon. friend will agree with me that they ought to be observed.

I have not in mind at the moment the practice of the British house, but my recollection is that except questions which are of an urgent character the only kind of question which is permitted to be asked which does not appear on the orders of the day is a supplementary question arising out of a question that is already on the orders of the day; a minister may be asked—and I think it has been permitted here—if the reply is not regarded as adequate, to supplement his remarks so as to make them quite clear.

My colleague the right hon. the Minister of Justice (Mr. Lapointe) has drawn my attention to the wording of the rules of the British house with respect to questions. I quote the following:

> No questions shall be taken after a quarter before four of the clock, except questions which have not been answered in consequence of the absence of the minister to whom they are addressed, and questions which have not appeared on the paper, but which are of an urgent character, and relate either to matters of public importance or to the arrangement of business.

The questions that are taken before that are the questions which are on the order paper.

Mr. T. L. CHURCH (Broadview): I rise to a question of privilege. In regard to the remarks of the Prime Minister (Mr. Mackenzie King), we might as well settle what rule 191 says as to what may be asked on the orders of the day. This matter was raised in the British house the other day, and my question is this: Has there been any interpretation by you, Mr. Speaker, regarding questions on the orders of the day? I would ask that you give a ruling, because the question I raised relates to the liberty of the subject and to Magna Carta. I am surprised that the Prime Minister has raised the point which he has, straining that point, and as he read Carlyle for three years to the unemployed, and now he reads Beauchesne. Regarding the rule itself, it has been interpreted just recently in the British house owing to the labour party members rising every day and calling the attention of the prime minister and others to foreign affairs and defence and the labour and relief situation. In this parliament we, fortunately, have not found ourselves in the position of Toronto, but when I find the gaols there and in Ontario filled with many people who had come from all over Canada because they could not get work, I think it is a matter of urgent public importance—

Mr. SPEAKER: Order.

Mr. CHURCH: —and seven youths in gaol at Timmins—I think it right to raise these questions on the orders of the day, under this rule.

Mr. SPEAKER: I would ask the hon. member to state his question of privilege.

Mr. CHURCH: Under this particular rule a minister can be interrogated on the orders of the day on matters of public importance and matters of emergency. I believe that if the Prime Minister were seized by the authorities because he could not find work, and were placed in gaol without a trial and without clothing or food or light, he would not quote Beauchesne—oh, no; he would take the law into his own hands, as was done back in 1837.

Mr. SPEAKER: Order.

Mr. CHURCH: Mr. Speaker, I would ask for your ruling—

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: On the question of privilege, may I point out to my hon. friend that he has been speaking on citation 191. I was speaking on citation 197, which is a different one. I regret that my hon. friend did not hear the one I was referring to. However, what I wish to point out to him is this. I waited until his question was answered before raising the point I did. I took no exception to his question or to its being answered. I did intend before I came into the house, regardless of who might ask a question, to direct attention to the rule with respect to the asking of questions on the orders of the day. Before doing so, however, I waited until my hon. friend's question had been answered.

RADIO BROADCASTING

ADDRESS OF PRIME MINISTER BROADCAST ON MONDAY, JANUARY 23

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): I have a question to direct to the Prime Minister. Probably it is one of those which he thinks might have been put on the order paper, but if he takes that view I do not agree; I think it is urgent enough to require an answer to-day. I have to preface it by a remark or two. In my speech the other day in the house I offered in a general way some criticism of the right hon. gentleman about his not having travelled across the country. The right hon. gentleman replied. But last evening he made a

speech over the radio which, according to the press reports—I did not have the pleasure of listening to it—was a very good speech, as his speeches always are, and he made a pretty elaborate reply, I believe, to my criticism in the house. I should like to know from him, or from the Minister of Transport (Mr. Howe) if he prefers, whether the Liberal party paid for that political broadcast over the radio last night or whether the Canadian Broadcasting Corporation presented that time as a gift to the Liberal party.

Right Hon. W. L. MACKENZIE KING (Prime Minister): In regard to what my hon. friend has just said about my address last night, I was asked, as he was asked, by the Canadian Broadcasting Corporation to give one of a series of addresses relating to the business of government. I was asked to explain the position and responsibilities and duties of the prime minister and the secretary of state for external affairs and the president of the privy council in relation to the business of government. My hon. friend was asked to give an address on the duties of the leader of the opposition, who has a recognized position of responsibility in the affairs of government and is a salaried officer of parliament. My hon. friend did not take advantage of the proposal. I was asked, not by the corporation but by one of my secretaries, if I would not see him about making sure of having his address included in the series, simply to make sure that the series would be complete; but I thought that my hon. friend could decide best what he wished to do and therefore I did not say anything to him about it.

Now as to the substance of my remarks last night. As a matter of fact they were not in any way intended as a reply to any criticism on the part of my hon. friend; they were an explanation of my position as Prime Minister and as Secretary of State for External Affairs. I set forth what my duties were in that regard, some indication of the amount of time they consumed, and the extent to which, the time being consumed in the way it was, it was not possible for me as Prime Minister to do some of the things I would like to do—among others, travel about the country as frequently as I would. I may say that in my remarks I was referring to the duties not only of the present Prime Minister but of previous prime ministers and of possible future prime ministers.

Mr. MANION: Did my right hon. friend mention any of the others?

Mr. MACKENZIE KING: Yes, I made a reference to Sir Wilfrid Laurier and his successors. I said that while all agreed that it might relieve the prime minister of some of his duties to have as the secretary of state for external affairs a member of the government holding a separate portfolio, all had found that our leading questions, our big problems in Canada, are so intimately associated with our membership in the British commonwealth of nations, or our membership in the League of Nations, or our proximity to the United States, that it was inadvisable to separate the matters of greatest concern to the Prime Minister from those of external affairs. There was nothing political in the remarks; and if my hon. friend should ever occupy this seat —which I do not imagine will ever happen— he will thank the Lord that I made the speech I did.

Mr. MANION: I am not going to carry on a debate, and I do not intend to discuss the right hon. gentleman's speech. He always makes a very good speech, and I think he made a good political speech last night. But I just want to say, in reply to his remark that I was invited, that it is true the chairman of the radio corporation did ask me to be one of about eighteen or nineteen to speak; the other eighteen would be the ministers on the other side; and I did not think that it would be a fair division.

Mr. DUNNING: You are equal to it.

Mr. MANION: It may be that the chairman of the commission looks on me as quite equal to the whole group. But I was too modest to think so.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Monday, January 23, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Mr. E. E. PERLEY (Qu'Appelle): I would suggest, Mr. Speaker, that we extend the question period preceding orders of the day, because it seems to me to put the house into that jocular frame of mind that makes it easy for the first speaker who rises after that period.

The speech from the throne is remarkable in two particulars: first, in its length, and second, to my mind, in the fact that it is more or less a death-bed repentance; for we

find forecast legislation that may be brought down this session which should have been brought down three or four sessions ago.

If I had time I should like to review the period in our history from 1922 down to the present time, and to discuss the records of the three governments that have been in office during that period: the King government from 1922 to 1930, the Bennett government from 1930 to 1935—the most critical period in our history, not even excepting the war period—and the regime from 1935 to the present. Time will not allow me to do this. I recall, however, that strikingly eloquent message of hope that was flashed across the dominion on the night of the election of 1935, when the Prime Minister (Mr. Mackenzie King) promised that he would abolish poverty and adversity and bring about in Canada that condition whereby all our difficulties would be settled by peaceful and harmonious conferences with the provinces, and there would be one happy family in the dominion.

I have time only to summarize briefly what has taken place in the last-mentioned period. We find taxation the highest in Canada's history. The government still finds ways of spending more money than it receives. The annual increase in trade which they found when taking office has now become an annual decrease. Exports continue to fall. For the first ten months of last year exports to the United States declined to the extent of $140,000,000. Wheat prices are still low. The Canadian wheat board was illegally discontinued in 1936-37. Taxation has increased, the railway problem is untouched, unemployment and poverty are still with us, and no steps have been taken to strengthen interprovincial or domestic trade or to equalize the prices of primary and secondary products in the domestic market. This last feature is important and it is regrettable that no effort has been made to deal with the situation.

We have had for the last three years what has been rightly termed a do-nothing government. We have had government by commission—commissions headed by party men and party counsel, regardless of their knowledge or lack of knowledge of the subjects with which they have dealt. Lastly, in summarizing, may I point out that the social reform legislation passed by the previous government has been destroyed, partly by judicial decisions and partly by repeal, and there has been no clear hand of leadership in sight.

It is my duty to deal with one or two problems pertaining more particularly to western Canada, and I speak with special reference to relief in Saskatchewan. In that province we have had, in connection with the distribution of relief, a system which in my opinion is a disgrace to this government and to the dominion. I am not complaining of the amount expended, because relief was necessary. Many would not have been able to carry on had it not been for relief. What I am complaining about is the manner in which relief has been distributed in the west. I am referring to the maladministration that has been and is at the present time so apparent—irregularities in the carrying out of relief, and graft in many instances. I repeat, it is a disgrace.

For example, what is going on in the northern part of the province at the present time? Many hon. members, particularly western members, are no doubt aware of what has been taking place. There, the daily press carries red headlines with reference to the evidence given in the courts where certain persons have been prosecuted. Relief has been given out promiscuously to party friends and a favoured few. Orders have been approved by inspectors, supervisors, reeves and secretaries of municipalities and others; and as one witness said before the court, "The government give, I take; thank him nicely." I have here, dated December 27, a headline that reads:

Not Sufficient Checks kept on Relief by Official.

A prominent king's counsel, when pleading for leniency for his client before the court before concurrent sentence of two and a half years was imposed on each of 332 counts for forgery and uttering relief vouchers and cheques, said there had not been sufficient check. The magistrate, in passing sentence, said the accused was only part of a crooked machine. I ask this government what system of auditing or checking is in effect in that province when a man could get away with 332 forgeries involving sums from $15 to $50.

Another headline reads: "Handed more relief than he applied for." On January 14 one witness tells of laxity in checking up municipal relief. Another headline states that direct relief was paid for in the hire of a car of one of the inspectors. The garage people were given an order for groceries. Then we are informed that the Fish Creek relief list is changed daily, and that there is laxity in the check-up. On January 17 a witness states that this check-up was not very efficient; and at the Wakaw trial it was stated that relief was granted to favourites. Again, one man swears that he got all and more than he asked for. The evidence was that it was very easy to get relief.

I have here a statement as reported in the Regina *Star* of January 17: "Orders for relief were handed out on election day." This is a good one. In point the witness said that some of the relief orders were distributed to people when they came to the polls. He said his father had distributed relief vouchers at his home on election day, and there was a polling booth at his home. What do hon. members think of such a condition as that being allowed to prevail in this country?

Then I have here something that I regret to have to bring to the attention of the house. It is to the effect that the party men in that province decide who shall get the jobs. This is dated January 18 and states:

No jobs for other than Liberals, says Regina M.L.A.

The reference is to the new member-elect of the provincial house and that is the statement he made to the Liberal council when he thought it was behind closed doors. The report continues:

In future, said Mr. McDaniel, "no appointment will be deemed to be properly made unless it bears the initials of Mr. Hogarth (senior member elect for Regina), Mr. McNiven (federal M.P. for Regina), or myself."

I submit that it is a sorry state of affairs when no one in that province can be considered for a position in the service, temporary or otherwise, unless he has the O.K. of these men. I do not think the hon. member for Regina (Mr. McNiven) would be a party to that; I know him too well. But he owes it to this house to make a statement repudiating this, or as to how he appears in the favoured committee that has to O.K. these positions. I think he should repudiate Mr. McDaniel's statement, and I hope he will do so. I should not like to think that he is a part of this political machine, but I have quoted that to show that there is a real machine operating in that province.

Mr. McNIVEN: Read Mr. McDaniel's explanation, given in the same report.

Mr. PERLEY: His explanation I have here. He stated that he thought it was behind closed doors, that his reference was only to post office appointments, and that he did not think there was a reporter present. The reporter comes back and says he shook hands with ten of the council and was in the building.

An hon. MEMBER: Read it all.

Mr. PERLEY: I cannot read it all, but I give the date of the paper and hon. members can look it up; perhaps the hon. member for Regina would like to read it all. I hope he will make a statement to clear himself from any business of that kind.

[Mr. Perley.]

We have also a statement here that tokens have been handed out by merchants in the northern part of the province; that these tokens were taken to pool rooms, beer parlours, barber shops, and that they come back to the merchant who gives goods and cashes the tokens in Regina.

Mr. McLEAN (Melfort): Who is responsible for that statement?

Mr. PERLEY: I have the authority right here of men who have seen the tokens and young men who have used them. If hon. members want to know, all they have to do is to appoint the commission that I am going to demand this afternoon, and I will give the information.

Mr. McLEAN (Melfort): You are not giving it now?

Mr. PERLEY: I have it here, but I do not propose to give it right now. But I think this has been going on in the district of the hon. member, and he can tell the house about it.

Mr. McLEAN (Melfort): I deny that.

Mr. PERLEY: I ask the hon. member to keep his seat.

Mr. McLEAN (Melfort): On a question of privilege, Mr. Speaker, I deny that at any time to my knowledge have tokens been given out and used in that way or in any way in the district I represent, and I ask the hon. member to withdraw that statement.

Mr. PERLEY: The towns named in the information I have received I think are very near the hon. member's district. I am not sure of the towns, but I have the names of several villages and towns in which these tokens were in use. It is very prevalent in all the northern part of the province, and it is a wonder to me if the hon. member's district has escaped. We have inspectors, supervisors and reeves issuing orders even from the cars during the election campaign. Gas coupons are being issued and used at filling stations. There is political patronage in that province that should be cleared up.

I now ask the government to consider, even at this late date, the setting up of a national relief administration or commission to handle the distribution of relief in Saskatchewan from now on, such a commission as we had from 1930 to 1935. I demand that the government take the suggestion into consideration with a view to clearing this thing up. Such a commission should be appointed in due course. The condition I have outlined has perhaps not been prevalent in every part of the province; in the central part I

do not think it has prevailed. I know many of the municipal clerks and reeves and councillors in my district; many of these councils are composed of men who have a sense of responsibility and duty, and I am sure it would not be safe to suggest anything such as this to them.

I regret to have to inform the house that owing to a blunder or incompetence on the part of someone last spring, seed was not delivered to the farmers in proper time in the areas in which it was required. Distribution of seed wheat was late. In some cases one farmer had his seed and got it in in proper time, while his neighbour had not, and there was a difference of five to ten bushels an acre in the crops. That condition should be inquired into with a view to finding out who was responsible. We know that the municipalities had prepared their statements and estimates, had arranged their credits at the bank; we know that the board had the order from the government to convert the options into seed, and we know that there was blundering somewhere, and the people in that western country through the lateness of distribution of seed suffered a loss of at least $30,000,000. We know what that means to eastern Canada and to labour and transportation. The loss is so serious that it is the concern of this dominion to know who blundered, because we do not want it to recur this spring.

If the Minister of Finance (Mr. Dunning) were in his seat I should like to ask him to state when this matter of seed wheat is going to be dealt with in this house. When does he propose to bring down his bill providing for seed? Last year he will recall that he asked some of us on this side to refrain from asking questions. In order to facilitate the passing of the bill we did so, but we want to know this year that the bill will come down in time to permit of proper distribution of seed for spring seeding. I have here a resolution which has come to hand in to-day's press. If hon. members care to look it up in the reading room they will see that the association of rural municipalities have protested the delay in the seed distribution in 1938 and requested the government to take action in proper time this year.

I should like to deal with the live stock industry as it affects us in the west. As far as Saskatchewan is concerned it has been struck a blow from which it will not recover for many years. I regret that the Minister of Agriculture was not more concerned last year when there was a demand from farmers in many western rural districts for an increase in the number of sires. I hope that this year he will give proper consideration to the matter and see that it is dealt with efficiently. The live stock industry is in a precarious position, and I urge upon the minister that he take every possible step to foster that industry and restore it to the position it held a few years ago.

The marketing question is also important. I am pleased to note that in the speech from the throne it is indicated that the government may take some action to improve the marketing of our primary products. I have prepared a resolution on this subject and have it ready for the order paper, but unfortunately the procedure does not permit me to have two resolutions on the order paper at the same time. But I ask the government to take some action looking to the passing of the necessary legislation. It may be providing for marketing boards to be set up as under the Bennett government, but some action should be taken to correct the inequality between prices of primary and secondary products in our domestic market. We realize that the domestic market is the best market we have. Ninety-five per cent of our products, other than wheat, are consumed in the domestic market, which should be preserved for the Canadian producer and equalized as I have just suggested.

Now I come to the question of wheat and wheat marketing. Never has the western producer of wheat been in a more precarious position; never have the world wheat markets been more demoralized; never has the future looked more uncertain than is the case at the present time. After listening to the Minister of Agriculture (Mr. Gardiner) the other day I think everyone will agree with that. We only need to look at the comments which appear in the press every day, in any paper you may pick up, to realize the truth of that statement. I would refer to the conference that took place in the city of Winnipeg not long ago, called by the premier of Manitoba, attended by representatives of the federal and provincial government, of the grain exchange, the wheat growers, the wheat pool and so on, to consider this question of the marketing of wheat. No constructive suggestion came from that conference. Then we had the international conference not long ago in London. Nothing of very much importance came from that except the appointment of a committee including the representatives of ten nations to consider five distinct subjects and report at a world conference to be held later. The fifth subject was important; it concerned the desirability of a

set export quota, not on a bushelage basis but on the basis of a percentage of world demand. Acreage reduction was definitely shelved at that meeting.

I believe that is an important subject, which should be considered. The farmers of western Canada realize now that there must be some control of production, or at least some control of marketing. I am not in favour of controlling acreage, but if I had the opportunity I think I could work out a scheme for controlling deliveries to the market. I had another resolution ready for the order paper—I do not suppose it will be reached this session—to the effect that the government should consider the advisability of amending the Canada Wheat Board Act to empower the board to control deliveries to it through a system of licensing producers to sell or deliver a given number of bushels per seeded acre, and that the permits to sell should be negotiable among the producers only. I should like to enlarge upon that matter, but time will not permit. However, I do think a system of that kind could be worked out, which would control the amount marketed based on world requirements or possible Canadian exports.

May I say here, Mr. Speaker, that I think there is altogether too much publicity given this question, altogether too much talk with respect to our difficulties in connection with marketing, too much advertising as to our surpluses, and so on. I think there should be some censorship. I hold in my hand a little chart which came to my hand just a day or two ago; I think every member received a copy of it, and I would commend it to the study of hon. gentlemen. It deals with the world and Canadian wheat situation under three heads; world and Canadian production, world and Canadian surplus and world and Canadian exports. After reviewing that, sir, I have no hesitation in saying that I am not fearful of the future. I am not a pessimist, and on that I agree with what was said by the Minister of Labour (Mr. Rogers) yesterday. I think many of these problems could and should be approached from an optimistic rather than a pessimistic point of view, and I am an optimist in connection with the possibilities of marketing our wheat in the future.

Now, I should like to say just a word with regard to the wheat board in 1938. I commend the government for carrying on that board for the 1938 crop. They set the price at 80 cents. I think if they had pursued a proper selling policy they could have set the price at 90 cents without incurring any greater loss than will be incurred under present conditions. The policy which was announced when that price was set tended to depress the market. I have before me a statement by Mr. Sanford Evans of Winnipeg, who is a statistician of some renown, as follows:

> In announcing the plan this season the government went to questionable extremes in disavowing market-price motives.

In another article Mr. Evans quotes from the Chicago *Journal of Commerce,* in which that newspaper said that when the price was set and the policy of the government announced, it had the effect of depressing the market. Then he quotes from Broomhall's *Corn Trade News,* of Liverpool, a day or two after the price was set. That should be an authority, and here is what Broomhall said:

> As a fact, after a small advance, Winnipeg futures dropped several cents a bushel, considerable importance being given to a statement by the Canadian premier, Mr. Mackenzie King, that the wheat board's policy would not be to withhold supplies from the international market, but rather to offer competition at all times. In other words, no attempt is to be made to dictate prices to consumers and, in the prosecution of this policy, the government is prepared to absorb any loss which may be sustained.

The Minister of Agriculture made a very great mistake a few days after the price was set— I am not sure of the exact date—when down in Ontario he made the statement that the board was prepared to take a $30,000,000 loss. I would ask this question of any man who has had anything to do with industry: If you had a new manager in charge; if you had a year's business to transact, and if in the first three weeks your chief director went out telling the people to whom you expected to sell your goods that you were prepared to take a $30,000,000 loss, what would you think? I say that statement, or any statement with respect to the possible loss, should have been withheld until the last three weeks of the crop year, at least. I have already quoted statements to show that the policy as announced by the government had a depressing effect on the market.

Just here I should like to ask the Minister of Trade and Commerce (Mr. Euler), one question, though it may be a question which should be placed on the order paper. Before the price was set, on August 4, did the board sell futures? Perhaps he can turn that question over in his mind and answer it some time later. The price at that time in the open market was 86 cents, and if the board did sell futures—and I hope they did—they may make a handsome profit. If that is the case we will not have the loss everyone seems to expect.

What I want to know is this: What is to be the policy of this government with respect

to the marketing of wheat in 1939? They should have a policy, and it should be announced. Western Canada was expecting that announcement by the Minister of Agriculture at the first opportunity. Does any hon. member of this house know the government policy? I do not think so. But I believe the minister has a policy. He took part in the Brandon by-election campaign, during which he spoke at Reston on October 25. He is reported by the Canadian Press as follows:

> The minister stated that the government's experience with the present wheat board had convinced him that the board was only effective to deal with temporary emergencies.

The following day he spoke at Souris, and in the Regina *Leader-Post* I find the following headline:

> Permanent Wheat Board Inadvisable, Gardiner Believes

It is true that a day or two later, at Saskatoon, the minister tried to correct that statement and said he did not mean exactly what the press had reported him as having said, but he can tell us now, in this house, exactly what he means; that is what we expected him to do the other day. I do believe, however, that the minister has made up his mind and that he has a policy. I would refer to the Regina *Leader-Post* of January 19, which I saw in the reading room the other morning. There I found this headline:

> Gardiner Informally Approves of Wheat Quota Plan Proposed by Weyburn Farmer

The article goes on to say that a Mr. Lowery, of the Weyburn district, had outlined a scheme under which a farmer would be permitted to sell a thousand bushels at a dollar a bushel, and that the farmer must have been actually farming during 1938 and 1939 in order to come under the plan. The remainder of his crop could be disposed of in some other way, or through the open market. It goes on to say that the person in question had outlined the scheme, had sent it to the Minister of Agriculture and that the minister had replied saying that he informally approved of the scheme. That is the quotation from the Regina *Leader-Post*.

Mr. GARDINER: I think the hon. member wishes to be fair, and that he will agree the article underneath that headline does not agree with the headline.

Mr. PERLEY: I have quoted it and copied it from the Regina *Leader-Post*. It is unfortunate the minister's mouthpiece in Saskatchewan cannot report or interpret his views as to what he means. However the minister has the opportunity right now. There is the statement that the minister made a reply and that he has some policy. We would like to know what it is.

The other day the Minister of Agriculture made some observations concerning increases in acreage. His statement was that the importing countries in Europe had not increased their acreage but had improved their system of farming and had thereby increased their production. My reply to that is that Canadian producers have very materially increased their acreage in the period mentioned by the minister, but that increase in acreage was a patriotic duty. During the last one or two years of the war, and in years following, Great Britain asked Canada to make sure of a food supply for the British isles, and with that end in view we increased our acreage in western Canada for the production of wheat. That action was taken as a patriotic duty. Because of action taken at that time we find ourselves in a difficult position to-day, and I do not think that it is fair to ask the farmer to reduce his acreage, when there should be some other way of giving him a fair deal.

The minister referred to the increase of production in European countries. He might have added that Germany, Italy and France increased duties against Canadian wheat during the period between the years 1922 and 1930 when the Liberal party was in office. For the information of hon. members who are of the opinion that a general reduction in tariff to those countries means an increase in what they purchase from us, I should like to set out certain facts. In 1922, when hon. members opposite were in office, France was enforcing a duty of 20 cents per bushel on wheat; it was admitted free into Germany and free into Italy. When the Liberal party left office in 1930, France had increased her duty to 85 cents per bushel, Germany had imposed a duty of 97 cents and Italy one of 86 cents. That was the reply made by those countries in connection with our exports of Canadian wheat, and during a period when we had made general reductions in rates of duties on goods coming from those parts of the world.

The Minister of Agriculture has made reference to the six-cent preference. His statement was that the removal of the preference had nothing to do with shipments through Canadian ports. May I point out that while the preference has been taken off, the United States has not offered us any compensation by reducing the duty of 42 cents on Canadian wheat entering that country. The rate still prevails. And with reference to the observation that the six-cent preference has nothing to do with grain entering through Canadian ports I would refer the minister to a statement

issued by the Secretary of State of the United States the day after the treaty was signed. This statement made public the text of the new reciprocal trade pacts between the United States and the United Kingdom, and the United States and Canada and said, in part:

The state department, making public the text of the new reciprocal trade pact between the United States and the United Kingdom, predicted the agreement should facilitate recovery of a larger share of the British wheat market by American farmers.

One of the most important British concessions it said "is the removal of the duty on wheat which has been equivalent to about six cents a bushel." This has tended to divert trade to Canada and Australia.

The United States formerly sold great quantities of wheat to the United Kingdom, and with normal crops in the future and the restoration of free entry it again should be able to sell large quantities.

Ports in Competition

Also, as a result of the removal of the preference it should be possible for the United States port and transportation interests to regain their lost business in the transshipment of Canadian wheat to the United Kingdom.

It may be noted that important concessions have been obtained for United States wheat flour in Newfoundland and the British colonies.

The United Kingdom is the leading wheat-import market of the world. Formerly about a fourth of the total of United States wheat exports were shipped regularly to the United Kingdom.

Under the influence of the world economic depression and the establishment of an import duty in 1932 (with empire wheat remaining duty free), imports of United States wheat into the United Kingdom dropped from 39,267,000 bushels in 1930 (20·1 per cent of total wheat imports) to only 9,000 bushels in 1933 (less than ·05 per cent of the total while imports from empire sources for the corresponding year rose from 79,234,000 bushels (40·5 per cent of total wheat imports) to 140,459,000 bushels (67 per cent of the total).

It is also pointed out that the United States is likely to get back business for her ports.

Then, there is something further I should like to place before the Minister of Agriculture for explanation. This is from a report in the New York *Journal of Commerce*, dated December 13, 1938:

Britain takes More U.S. Subsidy Wheat
5,000,000 bushels Bought—Attainment of Export Goal is Seen

Another substantial portion of the self-imposed wheat export quota of 100,000,000 bushels for the United States has been filled with the disclosure by the Department of Agriculture late yesterday of an additional sale of 5,000,000 bushels to the United Kingdom.

Then, mark this:

Price again was not mentioned. The trade is aware, however, that low levels must have been received in view of the depressed condition of the world wheat market. This, in turn, means additional expensive subsidizing of the exports.

May I now refer to the matter of low prices? On my way to Ottawa I paid a visit to the grain exchange. Although I am not very popular at that place I made a call and was told that in the first sale of 20,000,000 bushels made by the United States to Great Britain under the new arrangement the market had broken to the extent of two cents, and that there had been dumping. In the agreement of 1932 with the United Kingdom there was a clause which protected the Canadian wheat grower against unfair competition, in that British authorities agreed to impose the dumping duty against Russia, the Argentine or any other country guilty of dumping. The United States has been guilty of dumping on the first sale it has made. I know the British authorities were disappointed in the fact that the market was broken to the extent of two cents. The British producer is subsidized in his own market to the extent of $1.30 per bushel. Every cent the Liverpool market is broken is another cent out of the British treasury.

As the time at my disposal is drawing to a close there are some matters with which I shall not have time to deal. I wish however to refer briefly to the treaty. From the standpoint of increased export trade I do not believe the results will be satisfactory. The Prime Minister (Mr. Mackenzie King) admitted giving concessions but he did not give details of compensations we were to receive. He is trying to sell the idea to the primary producers of Canada that he is giving up preferences as a means of promoting harmony, unity and peace. What bunk! I do not believe the western producer will swallow that explanation. He will not believe that it is necessary for us to give up all these preferences in order to create peace and unity among the English-speaking nations or democracies. Does the Prime Minister think the United States would not want our friendship if Japan happened to throw a few bombs in the country across the border? What does the Prime Minister think of what Hitler will say with respect to the fact that we have foregone our six-cent preference? Will he be more friendly to us? There is nothing assured in the treaty.

I have made some calculation with respect to the quota on live stock, and they show that the constituency of Qu'Appelle could supply a very considerable proportion of the quota, and four times the milk quota.

Mr. SPEAKER: Order.

Mr. PERLEY: I thank you, Mr. Speaker, for the consideration given me last night. I should have liked to have another moment or two, but I realize that without unanimous consent I may not proceed.

Some hon. MEMBERS: Go on.

Mr. PERLEY: In conclusion I wish to point out that the British market is the stable market of the world. During the whole period of the depression Great Britain decreased her exports by only five per cent, whereas the exports of France decreased 56 per cent, of Germany 77 per cent and of Italy 60 per cent. I urge that these figures prove the assertion that Great Britain is the stable market—and we are now out of it.

I asked the minister a few moments ago to state the wheat policy of the government, and I hope that he or some other member of the cabinet will do so. Why was industry not consulted in the making of this agreement? Why did not this parliament have the opportunity to pass on it, as it had in 1932? All that western Canada wants is a square deal. There is no east or west so far as we are concerned, and I regret to see that some of the press are trying to make an issue of that. The Conservative party intends to give the west a square deal. Ours will be a constructive policy that will give protection to the great agricultural industry of the west, the backbone of this dominion; and the Conservative party realizes that just as well as anyone else.

Just a word with respect to the subamendment. In great part I could have supported it, but I regret that I am unable to do so because of the way it is worded. If the amendment had read "those financial institutions which are exploiting the Canadian people" I would gladly have supported it. But we have a certain control over financial institutions generally at the present time. I would be almost one hundred per cent, I was going to say, behind the subamendment if there had been one other word in it. As it is I propose to support the amendment of the hon. leader of the opposition (Mr. Manion), and I shall have something further to say later as important problems come before the house.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, I rise on this the first occasion of my addressing this house, recognizing my obligation to the city of Victoria, the constituency which I am proud to represent here. I recognize also my obligation to hon. members to make any suggestions that I consider will tend to create a better understanding between the different parts of Canada and better conditions within our country.

I would ask the house to bear with me for a moment while I say a word about the city of Victoria. I believe that its advantages are fully appreciated, generally speaking, but in some quarters our city is not very well known. I shall not say anything about its wonderful climate or about the beauty of the city itself. I do not wish to say anything in particular about our industries, which are mainly lumbering, mining and fishing, and the tourist trade. But I do wish to say a word about Victoria as the western gateway to Canada. It is the gateway to Canada for all those people who are living on the shores of the Pacific ocean, and as such the city of Victoria and its citizens recognize their responsibility to the rest of Canada. We would like to make it such a city that when people enter it for the first time they will get not only a view of the beauty of the city itself but a glimpse into the character of the people who live in this wonderful country of Canada.

I am sorry to say, however, that we have at least one drawback in Victoria. Our outer port is very badly run down, and is very greatly in need of repair. It presents a very bad approach to the city. It is owned practically by the dominion government, and I am in hopes, Mr. Speaker, that the present condition will be improved within a short time.

I should like now to join with other members in congratulating the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. I had never before had the experience of listening to addresses of this kind, but from what has already been said by so many members of the outstanding ability of the mover and the seconder, I can readily understand that their rank with other speakers on similar occasions is very high. I heartily congratulate them both upon their efforts.

I should like now to refer briefly but most sincerely to the forthcoming visit of our king and queen to Canada, and particularly to their visit to the city of Victoria. I can assure hon. gentlemen that the kindness and warmth of the reception which their majesties will receive in the city of Victoria will not be surpassed by that of any other community of equal size in this dominion. I am pleased to note that a representative has already left Ottawa and spent a week-end in Victoria arranging for their majesties' visit. Already offers of assistance are coming in from all quarters of the city and from people

in all walks of life who are anxious to assist in the reception. I hope that a definite organization will soon get under way to co-ordinate the efforts of those who are willing to assist in the reception, and that everybody, particularly our young people, will be given the opportunity to see their king and queen.

The benefits that will accrue from this visit will be many, and I hope they will be permanent. I hope that it will be a time when we as the people of Canada will examine our own hearts and minds and find out for ourselves if we are big enough to look beyond the boundaries of our own community, over the borders of our own province, and beyond the shores of our own country and realize that we are an integral part of the British Empire, and that as such we have a right and a duty to stand with the empire in peace or in war, for good or for ill.

As a new member and comparative stranger in the house, Mr. Speaker, it would not be in very good taste for me to criticize men who are much my senior in matters of government, men who I am sure are just as sincere as I am and who will do all they can to make a contribution to the welfare and progress of Canada. But I cannot refrain from remarking that much of the criticism which has been offered by the opposition has been about as original and as constructive and as annoying as losing one's gate on Hallowe'en. This "do-nothing government" is a phrase coined for election purposes, and it is no more reliable than catchwords and slogans often are. I am inclined to believe that the people of Canada read the reports of proceedings in this house, and I am sure that we can depend on their intelligence.

Much has been said in this debate about the diminution of trade in Canada. It is true there has been a diminution, but is the government responsible for that? Is not the diminution of trade due to world conditions? Has not trade diminished because countries are at war with one another, while other countries are engaged in preparation for war?

Mention has been made in this debate particularly of the pulp and paper industry. I happen to have been engaged in that industry for the last twenty-four years, and I admit that the pulp and paper industry on the Pacific coast is having a hard struggle at the present time, but that is not due to any action by this government. It is due particularly to the war between China and Japan. Some of our trouble in the lumber industry is also due to similar conditions.

I am inclined to think that, rather than criticize the Prime Minister (Mr. Mackenzie King), we should compliment him on the interest that he has taken in world affairs. I am confident that in taking that interest he will help to correct the present situation. I am confident that, with the new trade agreement in effect, with things settled in the orient and in Europe, we shall not be looking for a solution of our unemployed problem; the difficulty will be rather the other way, namely to find men able to do the work. I am sorry to see evidence in so many places of defeatism in our people. Even at the present time in some of our cities we have no great surplus of trained mechanics. The wastage of ten years will have to be taken care of. Let the clouds of war roll by, give us a few years of peace, and we shall soon find a solution of the problem of unemployment.

My attitude to the tripartite trade agreement is one of gratification, appreciation and general satisfaction. I do not believe that the people of Canada are looking for a gift in the way of trade; they are looking for an equitable agreement, because they realize that it must be equitable to endure. We are looking not for a good bargain but for an opportunity to trade beneficially and uninterruptedly on a friendly basis. We are not looking for a one-way street, as some would indicate. Yet in fairness one must admit that there is a little hardship in some branches of both industry and agriculture. I will mention one branch of agriculture that is affected, particularly in our own district —potato growing. Before the present agreement went into effect the potato grower had the privilege of a countervailing duty which he does not now enjoy. That countervailing privilege was given to him by the present government in the agreement of 1936. He has enjoyed it for two years; but he is no worse off than he was before that time. On the other hand the agriculturist reaps a benefit from the sale of his cattle, his hogs, his dairy products, and many other items, as well as getting an advantage on the things which he has to purchase.

There has been some criticism in this house because of the loss of the six-cent preference on wheat. Naturally we would have liked to see it retained, but I believe the change will provide at least one advantage which we cannot overlook. Wheat, after all, is a raw material. Will not the effect be to encourage the milling business in our country?—and if that happens, the by-products from that milling business will go a long way towards the raising of cheaper cattle and cheaper hogs. It will at least provide cheaper food for our live stock.

One branch of the lumbering industry which is particularly pleased with the treaty is the cedar shingle business. We have several such firms and factories in Victoria. Not only is their quota increased but they are able to continue to sell on a comparatively small duty after their quota has been filled. The lumber business generally is not finding fault with the treaty. Naturally retailers would have liked to retain the full British preference, but they realize in fairness they have to give something. They realize also that the value of a trade with 130,000,000 people across an imaginary boundary line, without any transportation difficulties, is far greater than a market of probably fifty million people six thousand miles away, with transportation interferences to be overcome.

Just here I should like to say a word as to how we may counteract some of the disadvantages that we are under in the way of trade, if we are prepared to pay the price. Alberta is full of coal. Why not bring some of it from Alberta to the east and keep our men in Alberta and the employees of the railways busy, rather than buy our coal from the other side? I ask further, why not bring petroleum products from the Alberta oil fields and use them down here rather than purchase our gasoline and fuel from the other side? Why not give a little assistance to our moving picture industry at the coast, so that we may be able to use our own pictures rather than buy them from the other side? There are many ways in which we can assist, provided we are prepared to pay the bill.

I wish to deal for a moment or two with the youth problem and with youth training. I do not suppose there is a man in this house possessing any of the milk of human kindness who will not be interested in assistance to our youth. I believe the Minister of Labour (Mr. Rogers) should be thanked for what he has done, and encouraged in his work. I cannot understand how the opposition can be honest and yet call the government a do-nothing government when they consider what has been done for youth and for the cure of unemployment. The government is to be congratulated on the start it has made upon the training of youth in Canada. It is true that it is only a start, but reports coming in from every province, such as we had the opportunity of hearing the other night, are evidence that that start is appreciated by the mothers and fathers of the young people of this country.

We talk a great deal about the wonderful natural resources of Canada, but of all the potential values in Canada there is nothing to be compared with the potential value of our young people, and I urge that we give them every opportunity we can to make full use of their Canadian citizenship.

Large numbers of high school graduates, as well as those who do not complete a high school course, cannot find jobs. More and more, the young people reaching the age of employment each year encounter a regiment of newly-invented machines, competing with them for their jobs.

The failure to keep the open door of opportunity for youth is tantamount to recruiting large numbers for the marching clubs of dictators. Since this condition is a serious one is it not time to stop criticizing the efforts that are being put forth, and to make suggestions that may help, viewing every suggestion with an open mind in the hope that out of it all some good may come?

We must not create the impression that the government owes a living to our young people. The government does owe the young people good sound practical education and as little interference as possible so that they as individuals may develop themselves and our natural resources. We do owe them an opportunity to make a living, but the obligation on the part of the government is particularly that of education. That I think we are doing in the youth training program. I would like to see it extended so as to give all young men who have left school and who are unable to find employment three chances —in fact I would say four. It would have to be on a purely voluntary basis, and the choice would have to be theirs. The opportunities I would suggest are these; that they be given an opportunity of joining the militia; that they be given an opportunity of joining the navy, and that this government establish training farms where they may learn agriculture. These farms could be small units scattered through the provinces so that the men trained on them would be absorbed in their own communities as soon as the training had been completed. The other suggestion I make is that mercantile marine training ships be established on both the Atlantic and the Pacific. Many of our boys to-day are jumping into ships, going off to learn seamanship without realizing the nobility of the profession, without realizing the dangers and hazards of it. The result is that after one or two trips they find they are not fitted for the calling. A few weeks in foreign ports is enough to ruin the boy himself. If he were put on a training ship under a proper man he would appreciate the responsibilities of the profession and such training would make him a good mercantile mariner.

With regard to the other two suggestions, I believe that this government have the facilities as well as men of calibre, intellect, loyalty and ability, men who could direct boys in both the militia and the navy, giving them a chance to learn a vocation under reasonable discipline.

I should like to add a further suggestion to the one I have already made. It has to do with the treatment of our older people, because the youth of to-day will be the elderly people of to-morrow. I believe that there is no fear in the human mind so great, no fear that retards the activities and efforts of people to the same extent, as the fear that when one is old one will be dependent upon friends or the government for a living. That fear, I believe, can be very largely banished by putting into effect a compulsory contributory superannuation policy. By this I mean that all employers and all employees in any walk of life should be obliged to contribute an equal share so as to provide for the superannuation of employees when they have reached the age of sixty or sixty-five. I am sure that there would be no opposition to a policy of this kind from the larger employers of labour, and I do not believe that there would be any objection to it by labour itself. It is not fair either to the people or to the government of Canada that workers at the zenith of their earning capacity should be allowed to drift on without making adequate provision for their needs when they are unable to work. Nor is it fair for the employer to use the best part of a life of the employee, making use of him in a competitive system, and then when he is worn out toss him on the scrap heap without consideration as one would a piece of worn out machinery. The government's contribution to this scheme would be one of management, to see to it that the funds as they were collected were properly taken care of.

I would suggest that a uniform plan for Canada be proposed by the dominion government, but that each province look after its own collections, investing its funds in its own securities with the endorsement of the federal government, and thus giving the fund raised for this purpose every security possible. Could we in any saner or better way repatriate our government loans than through some such mode of procedure?

In conclusion I wish to thank the government for what it has been able to do: the consummation of the United States trade agreement; its contribution to unemployment and relief; its contribution to unemployment through the home improvement plan—and in this regard I would ask whether this plan could be extended to business properties so that many of the present dilapidated buildings in our cities might be improved; its contribution to home life through the home building plan; its contribution to people living in municipalities through its municipal aid plan. I would ask the government to pursue this policy of progress so vigorously that no reasonable member could stand in this house and accuse it of being static.

[Mr. Mayhew.]

As a business man I think the only definite cure for our present trouble is an expanding policy. I admit that there is a danger of expanding too rapidly, and in my opinion the expansion of business must not be left entirely to the government. It is an obligation on the part of the individual as well. It is an obligation put upon us by democracy and must be carried out if we are to retain that privilege. In a word, I believe that industry, not quack remedy, is the solution of our present distressing problems.

Mr. T. C. DOUGLAS (Weyburn): May I join with those who have preceded me in extending congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. I was particularly pleased to listen to the mover of the motion because I had the pleasure of knowing him and his family in Brandon some years ago when I attended college there. It was a very great pleasure for me to hear him make such a fine impression in his maiden speech in this house. I should like also to extend my congratulations to the leader of the opposition (Mr. Manion) upon his accession to his new and difficult position. He is following in the footsteps of a gifted and able predecessor, and I trust he will be granted strength to discharge the duties of his office in a manner that will bring credit to himself and the Dominion of Canada.

I am sorry I cannot concur with hon. members opposite in lauding the pact of Munich as a milestone on the road to world peace. In my opinion, the pact of Munich did not avert war; it only postponed war until that time when, collective action having become impossible, and our allies having fled, the English-speaking nations of the world, isolated and discredited, will face the fascist aggressors alone. The pact of Munich was the final culmination of a long series of concessions to force, each concession leading to a situation that demanded still further surrender. Yielding to dictators does not bring peace; it merely brings about demands for further concessions. However, it is not my purpose at this time to discuss the question of foreign policy, the Prime Minister (Mr. Mackenzie King) having assured the house

that ample opportunity will later on be afforded for a discussion of the matter. Neither do I wish to discuss the government's announcement that there will be increased expenditure for national defence, because that, too, will be debated later in the session. I do wish, however, to urge upon the government that before they bring down the estimates for increased expenditures for national defence, they shall first of all bring down legislation dealing with the national control of the armament industry.

On the order paper, standing in my name, there is a resolution asking for national control of the armament industry, and I trust that the government will anticipate me in this regard. We are agreed in all parts of the house that in view of world conditions Canada ought to be prepared to defend her shores. But what right have we to ask the Canadian taxpayer to contribute between $50,000,000 and $60,000,000 a year for national defence, while at the same time we permit armament manufacturers in this dominion to send a steady stream of aeroplanes, munitions and war material to the very countries against which this government is asking us to arm ourselves? I hope that before this session has proceeded very far the Minister of National Defence (Mr. Mackenzie) will bring down legislation calculated to assure this house that a situation like that revealed by the recent Bren gun inquiry will not recur, and to assure the country that the equipping of Canada for defence will not be accompanied by armament profits, graft and corruption.

Mr. MARTIN: Where is the evidence of that?

Mr. DOUGLAS (Weyburn): I did not say there was any. I think the hon. member is a little touchy. There is an old saying that when you throw a stone into a pack of dogs and one yelps, he has been hit.

Mr. MARTIN: Surely the hon. gentleman is going to withdraw that remark.

Mr. MANION: It is a general statement.

Mr. DOUGLAS (Weyburn): I have nothing to withdraw. I merely made a general statement.

Mr. MARTIN: I ask the hon. member to withdraw that remark if it is intended with reference to any hon. member of this house.

Mr. DOUGLAS (Weyburn): Certainly, in reference to any hon. member of this house.

Mr. MARTIN: I ask the hon. member to withdraw that statement.

Mr. DOUGLAS (Weyburn): I have already done so. I said I withdraw any reference to any hon. member of this house.

As a member who represents a western constituency I naturally scanned the speech from the throne to see what it would contain of material benefit for the people whom I represent. I confess that I was disappointed. The problem of the prairies can be summed up in a sentence. It is this: While the primary producer has been compelled for years to buy the necessities of life at a fixed price which has been relatively high, at the same time he has been compelled to sell his products at a fluctuating price which has been disastrously low. In other words, the farmer has to buy in a closed market with a more or less controlled price, while he has sold in an open market with a fluctuating price.

As an example I quote the figures submitted by the Saskatchewan government in their brief to the commission on dominion-provincial relations last year. At page 172 they say that the cash income of the farmers of Saskatchewan declined from some $334,000,000 in 1925 to a little over $48,000,000 in 1937. The average cash income for the nine year period 1929 to 1937 was 65 per cent less than the average income for the eight year period 1921 to 1928. Also the total estimated value of farm land, buildings, live stock and equipment declined from $3,255,294,000 in 1921 to $1,980,000,000 in 1936; a disastrous decline of approximately 40 per cent despite an increase in the same period of 12,444 occupied farms.

The brief goes on to say that the total decline in income of the three prairie provinces in the five year period 1926 to 1930 compared with the period 1931 to 1935 was from $3,526,313,000 to $1,590,725,000, a reduction of more than 50 per cent.

At page 179 there is a comparison between the prices of 147 articles which farmers commonly buy and the prices they have received for products which they have to sell. In 1920 the ratio was 196 as compared with 182; in 1936 the ratio was 127 as compared with 76. In other words, while the farmers have been receiving much less for the goods they have to sell, they are paying relatively more for the goods they have to buy.

This decline in agricultural income has had two results for the farmer. First, there has been a tremendous increase in debt. It is quite apparent that obligations which were often difficult to meet with good crops of wheat at $1.25 a bushel have become impossible to meet with poorer crops and wheat prices down to forty or fifty cents a bushel.

The brief pointed out that the mortgage indebtedness in Saskatchewan at the end of 1937 was in the neighbourhood of $482,000,000, which sum was nearly $15 per acre of crop land, or almost $7,000 per mortgaged farm. The brief further states that not more than five per cent of the farmers are free of debt. The result, of course, has been an increase in tenant farming. In 1901 only 1·6 per cent of the farms of Saskatchewan were occupied by tenants; in 1936 the figure had increased to 20·4 per cent. In 1901 two per cent of the farmers of Manitoba were tenants, while in 1936 the proportion had increased to 20 per cent.

A second effect of the decline in agricultural income has been a reduction in purchasing power. Some years ago Professor Rogers, now the Minister of Labour, made the statement that the people of Saskatchewan paid $29,000,000 a year more for the goods that they buy in the stores than they would pay if they were buying these goods in the markets of the world. He said further that the people of the three prairie provinces pay $86,000,000 a year more in tribute by virtue of the tariff because of the fiscal policy under which we live. The amazing thing remains, however, that the gentleman who compiled these figures is a member of the present government, has been for three years, and the situation is not altered. I remember in 1935 seeing a pamphlet entitled "The Forgotten Consumer" issued by the Liberal party. It listed a series of articles such as razor blades, coffee, aspirin, baking powder, and pointed out that prices in Canada were anywhere from twenty to thirty-five per cent more than in the United States. I have checked those figures in the United States this fall and find that the spread has not decreased but in some instances has actually increased. The constituency which I represent lies along the international boundary. I have therefore an excellent opportunity of comparing prices in this country and the United States. I have before me in tabulated form a list of articles; I shall not take time to read it but am quite willing to put it on *Hansard* if any hon. members wish.

An hon. MEMBER: Nobody wishes.

Mr. DOUGLAS (Weyburn): The list includes articles such as International trucks, Ford automobiles, tires, gasoline, distillate, cream-separators, gas engines, combine harvesters, disc harrows, sugar, coffee, oranges, overshoes, overalls, unbleached sheeting, radios, et cetera. In every instance, taking two towns opposite each other, one on each side of the international boundary, we find that the Canadian consumer is paying twenty to forty-five per cent more for those articles, despite the fact that wages in those parts of the United States are higher than in Canada. In the case of repairs for automobiles the consumer in this country pays as high as seventy per cent more than the consumer in the United States. I draw this to the attention of the house because the hon. gentlemen who complained about this and the Minister of Labour himself are members of this government. What have they done about the matter? When it was raised at the last session the Minister of Labour rose in his place and said that it was impossible at the present time to lower tariffs in this country without destroying the basis of confederation.

I reviewed this material to point out that while the income of the farmers of the west, and particularly of Saskatchewan, has declined until last year in Saskatchewan it was one-seventh of what it was in 1925, at the same time by means of such factors as fixed interest rates, tariffs and excessive freight rates the prices of the commodities they have to buy have been kept fairly high. This government has been in office now for almost four years.

An hon. MEMBER: Too long.

Mr. DOUGLAS (Weyburn): It is quite likely that next fall they will be going to the country—at least we all hope so. During their term of office what have they done to meet this situation? It is not altogether fair to say that they have done nothing. No government can be in power for four years and do absolutely nothing, but the net result of what they have done amounts to nothing.

Let us see first of all what they have done for the farmer. When they came into power in 1935 the prairie farmer could deliver his wheat to the wheat board and receive a guaranteed minimum price of 87½ cents per bushel at Fort William, together with participation certificates that would give him a further return if the wheat brought more in the markets of the world. Three wheat crops have been taken off since this government took office. In connection with two of them the farmer was denied the right to deliver his wheat to the wheat board, and in connection with the third crop he received 7½ cents per bushel less than he got before. Some hon. gentlemen opposite have been very loud in their praises of the government for paying on the 1938 crop a fixed price that was higher than the market price. May I remind the house that the price of eighty cents per bushel is payable at Fort William and that according to the crop report released last Friday by the agricultural branch of the dominion bureau of statistics the average price received by the farmers themselves was fifty-nine cents per

bushel for No. 1 wheat. May I point out further that according to the same report, despite the fact that the wheat crop of 1938 was a little more than double that of 1937 in terms of bushels, the total cash income of the farmer was only about eleven per cent more, while the net income was about six per cent less because it cost more to take off the wheat.

Mr. McLEAN (Melfort): Would the hon. member be good enough to inform the house where those figures are available?

Mr. DOUGLAS (Weyburn): I refer the hon. member to the report of the agricultural branch of the dominion bureau of statistics which report was issued last Friday at four o'clock.

Mr. GARDINER: Giving fifty-nine cents for No. 1 northern?

Mr. DOUGLAS (Weyburn): Yes.

Mr. GARDINER: Not the average price received by the farmer?

Mr. DOUGLAS (Weyburn): According to this report the average price was fifty-nine cents.

Mr. GARDINER: For No. 1 northern?

Mr. DOUGLAS (Weyburn): No; the average price received for wheat.

Mr. GARDINER: That is too high, I think.

Mr. McLEAN (Melfort): That is quite impossible.

Mr. DOUGLAS (Weyburn): Well, I refer my hon. friend to the report; I shall be glad to send it over to him if he wants to use it. I do not propose to take up time reading any more of it, but after I make one more quotation from it I shall send it to my hon. friend.

Mr. McLEAN (Melfort): I wish it were correct, but I am afraid it is too high.

Mr. DOUGLAS (Weyburn): It may be too high, but I am trying to give the government every possible credit, as the hon. gentleman will appreciate. The report which I received in November gave the figure as fifty-seven cents, while the report issued last Friday gave it as fifty-nine cents.

Now, with reference to the marketing of products other than wheat, the government has failed to take any constructive action. They were a party to having the Natural Products Marketing Act, which might have assisted the farmers in controlling the marketing of their own products, referred to the courts, and they have put nothing in its place. There has been no attempt to work out a marketing scheme as between the federal and provincial governments which would enable the farmers to control effectively the marketing of their products. Consequently, this year, farmers who have sold oats, barley, rye, hogs, poultry and so on have done so at prices so low as to lead to nothing but bankruptcy for those engaged in these phases of agriculture. I refer again to this crop report released last Friday, which says:

> The gross farm value of production of the 1938 field crops is now estimated at $528,860,000, which is five per cent below the value of $556,222,000 in 1937, due to price reductions more than offsetting the effect of increased production.

The third claim made by the government is that they have given the farmer increased trade by virtue of the recent trade agreements. As has been said from all parts of the house, it is too early as yet to assess the merits or demerits of that agreement. One thing is certain, however; the United States government considers that the removal of the six cent preference on wheat will enable that country to export large quantities of wheat to Great Britain at the expense of the farmer of western Canada. I have in my hand a statement which was issued by the state department at Washington under date of November 18. I have time to read only two or three short excerpts, as follows:

> The United States formerly sold great quantities of wheat to the United Kingdom, and with normal crops in the future and the restoration of free entry it again should be able to sell large quantities. . . .
>
> Under the influence of the world economic depression and the establishment of an import duty in 1932 (with empire wheat remaining duty free), imports of United States wheat into the United Kingdom dropped from 39,267,000 bushels in 1930 (20·1 per cent of total wheat imports) to only 9,000 bushels in 1933 (less than ·05 per cent of the total) while imports from empire sources for the corresponding year rose from 79,234,000 bushels (40·5 per cent of total wheat imports) to 140,459,000 bushels (67 per cent of the total). . . .
>
> In view of the large wheat surplus this year in the United States and the probability that the United States will continue to be on a wheat export basis in the future, the removal of the competitive disadvantage which confronted our wheat in the United Kingdom should facilitate recovery of a larger share of that market.

There is no doubt that the western farmer is going to pay the price for any concession this government has gained under the trade agreement.

May I turn now to what this government has done for the unemployed. First of all,

as they promised, they set up a commission; not a commission to administer or dispense relief, as they had promised, but a commission to advise the government and to gather statistics. Having brought in its report and made recommendations to the minister—four-fifths of which he did not accept—that commission was dissolved. The second thing they did was consistently to throw the problem of relief back upon the municipalities and provinces, where it does not belong. These bodies, with only limited fields of taxation, cannot begin to carry the burden of relief, nor should they be expected to do so. This government has found refuge behind the divided responsibility set up under the British North America Act. But they knew there was divided responsibility in 1933, when the present Prime Minister said from his place on this side of the house that unemployment was Canada's most urgent national problem, and when he promised to appoint a commission to deal with it. They knew there was this divided responsibility in 1935, when they were elected to office; yet not until 1937, two years later, did they appoint a commission to investigate this divided responsibility. And now in 1939, two years later, we are still waiting for a report from the commission. Someone should change the old saying to "The mills of the Grits grind slowly." Then in the speech from the throne the Prime Minister says that when they finally do get a report from this commission they are going to have a conference. I do not want to say anything about that conference; I shall just quote what the Prime Minister said in this house about conferences on January 27, 1937, as reported at page 322 of *Hansard* for that year:

> It seems to me our generation has gone a little mad on the question of conferences. A conference is often a very convenient way of appearing to be doing something while in reality very little may be achieved.

That may well define the conference that is going to be held. Then, Mr. Speaker, what has this government done for youth, particularly unemployed youth? They have set up some youth training courses, which are commendable. I visited a number of these schools, and I think the men and women who are doing that work ought to be encouraged. But when you realize the comparatively small number of young people affected, as compared with the hundreds of thousands of young people who to-day have no hope of getting gainful employment, you will see that as yet we have not even scratched the surface of the problem. I cannot go into the figures the minister quoted yesterday, but I must point out that they touched only upon the numbers on relief or those who have been employed. In the past eight years thousands of young people who have become of age are living with their parents. They are not registered as being on relief or as having worked. Those young people are to be found in every town. They have never worked and they are not registered. In every small town of Saskatchewan they may be seen standing around the filling stations or street corners looking for jobs, and their only hope is that of obtaining a little work on government projects. The situation has reached a point in Saskatchewan where one cannot get work on a government project unless one happens to be of the right political complexion.

Mr. YOUNG: That is not true.

Mr. DOUGLAS (Weyburn): The hon. member says that is not true. Does he wish me to read what appeared in the *Leader-Post* of last Wednesday?

> **Party men to decide.**
> No jobs for others than Liberals, says Regina M.L.A.
>
> A definite clamp has been placed upon the appointment of Regina residents to posts within the civil service that bars those whose political faith is other than Liberal, B. J. McDaniel, K.C., junior member-elect for Regina, told the meeting of the Liberal council at the Labour temple Tuesday night.
>
> In future, said Mr. McDaniel, "no appointment will be deemed to be properly made unless it bears the initials of Mr. Hogarth (senior member-elect for Regina), Mr. McNiven (federal M.P. for Regina), or myself."

Mr. YOUNG: Read his denial.

Mr. DOUGLAS (Weyburn): I expected that. I am not trying to misrepresent the matter. I have before me Mr. McDaniel's explanation—even Mr. McDaniel thought it ought to be explained. This is what he says:

> Appointments discussed by members of the Regina Liberal council Tuesday night were not permanent positions over which federal or provincial civil service have authority, according to B. J. McDaniel, M.L.A., retiring president of the Regina association.
>
> In further explanation of his statements before the council, Mr. McDaniel said Thursday that only temporary Christmas jobs in the post office were involved and he contended the report would cause misunderstanding if this point were overlooked.

Mr. YOUNG: The first question is this: Does Mr. McDaniel—if that is true—control all positions in Saskatchewan?

Mr. DOUGLAS (Weyburn): That is exactly what I want to know. Since when did the retiring president of the Liberal association, a member of the provincial legislature of Saskatchewan, begin making appointments

to the post office, which is under federal jurisdiction? I ask this: Has the public morality of this country sunk so low that a Liberal member may bluntly state in a Liberal paper, or publish boldly the fact that no Canadian, though he may be a Canadian citizen and a Canadian taxpayer, though he may have fought for his country on the field of battle, shall have a job, even if that job be one of shovelling snow, unless upon his application are the initials of the three musketeers from Regina? Is that situation to prevail? That seems to be the situation, as it is set out here. And then, one other thing—

Mr. McNIVEN: Probably the hon. member would read the balance of Mr. McDaniel's explanation.

Mr. DOUGLAS (Weyburn): Mr. Speaker, I do not purpose using up the forty minutes at my disposal in reading lengthy statements. The hon. member for Regina (Mr. McNiven) may, if he wishes, in the forty minutes at his disposal, read the entire *Leader-Post*. If the house would permit me sufficient time, I would be prepared to put the whole article on *Hansard*.

Mr. GARDINER: But it looks better to send out your *Hansard* without it.

Mr. PERLEY: The balance is worse; it gets the government in deeper.

Mr. DOUGLAS (Weyburn): I hope you are taking note of the time, Mr. Speaker. I should like to make some observations with respect to what has been done in connection with the farm placement scheme, the regulations for which I have in my hand. This year those regulations have been constructed so as to make impossible the qualification of thousands of young men and women who were eligible last year. This year they find they are deprived of the opportunity of earning a few dollars. I have before me many letters from people in and outside my constituency who worked under the scheme last year but who find it impossible to do so this year. I doubt if anything I encountered on the prairies this fall caused quite so much bitterness of feeling as the new regulations in connection with the farm placement scheme.

In the time I have left at my disposal I should like to outline some of the suggestions the group to which I belong has advocated in the past three sessions as alternatives for the policies which have been followed by the government. From time to time, in common with all opposition parties, we have found it necessary to criticize the government. At all times we have tried to be constructive in our criticisms and to offer alternative suggestions. I shall set out briefly the suggestions which have been made by this group, the first of which is as follows:

1. The Cooperative Commonwealth Federation have asked for fixed guaranteed prices to the primary producers under a properly planned marketing system.

A few nights ago the Prime Minister repeatedly stated the fact that trade was the only hope, and that economic nationalism was responsible for the depression. I believe that suggestion is capable of debate. Be that as it may, however, are we to assume the Prime Minister means that we in Canada can do nothing towards trade revival until the world returns to a state of sanity? Are we to believe that we must sit and wait until the other nations of the world are ready to forsake economic nationalism and return to free trade? Surely the government must realize that the selling of a greater quantity of commodities on the markets of the world will not meet the situation, unless the price received by the farmers for those commodities is commensurate with the cost of production.

The other suggestions are as follows:

2. Members of the Cooperative Commonwealth Federation consistently advocated a crop insurance scheme which would enable farmers to manage in those years in which, through no fault of their own, they are deprived of a crop.

3. The Cooperative Commonwealth Federation group have advocated consistently a work and wages program which would utilize the unemployed in the city and farmers of the drought stricken areas.

4. Members of the Cooperative Commonwealth Federation have advocated the lowering of the age for old age pensions and increasing the amount of the pension.

There are 850,000 people in Canada who are over sixty-five years of age and who, if it were possible for them to retire with security, would be able to leave jobs to younger people who at the present time cannot get work.

5. Members of this group have consistently advocated an unemployment insurance scheme and are still waiting for the government to take some energetic steps in this regard. No doubt the close proximity of a general election will bring forth something—at least on paper.

6. Federal grants to education and national scholarships have been advocated by this group

as a means of dealing with the terrible plight of school teachers and pupils alike in the depressed areas of Canada. In Saskatchewan back salaries owing teachers is in the neighbourhood of $1,000,000 and the conditions in the schools almost beggars description.

7. We advocate cooperative handling of farm machinery, with a view to enabling the farmers to secure machinery at a much lower price.

Last year I moved an amendment to the farm implement committee's report to this effect, but the government did not see fit at that time to accept it. During that debate the Minister of Agriculture (Mr. Gardiner) figuratively shook his fist under the nose of the farm implement manufacturers. He told them that serious consequences would follow unless something were done about the high price of farm machinery. What has he done? May I ask any member of the government what has been done about the high prices of farm machinery. In the recent trade agreement there was no indication of a lowering of the tariff on farm machinery, despite the fact that many hon. members opposite advocated and intimated that farm machinery and cream separators should be placed on the free list.

8. Last year a comprehensive scheme of slum clearance and housing was advocated by the hon. member for Vancouver North (Mr. MacNeil) on behalf of this group. There is no more pressing need in Canada, but as yet nothing has been done in this regard. A housing scheme was passed. It has built houses for a few people who are able to meet the requirements. How many houses have been built on farms? How many slum areas have been cleared? How many low-rental houses have been constructed? These things have not been done because part 1 of the scheme requires enabling legislation by the provinces, and that legislation has not been forthcoming.

9. This group has advocated the extension of the principle of the Farmers' Creditors Arrangement Act to enable not only farmers but homeowners and small business men throughout the country to reduce obligations which were assumed in times when the purchasing power of a dollar was much less than it is to-day. The government's only response has been to restrict rather than to extend the operations of the act.

10. Members of this group have suggested that such a program could be financed without increasing the burden of taxation, which now rests too heavily upon the people least able to bear it, not by an eight per cent sales tax to which we are violently opposed, but by (a) an increased income tax in the higher brackets; (b) a surplus profits tax, and (c) by deriving revenues from some of the great monopolies such as the tobacco industry, the meat packing industry, and the gasoline industry, which are at the present moment exploiting the Canadian people to an extent that amounts almost to highway robbery.

In conclusion may I say this, Mr. Speaker. Last Easter when I was returning to this house, I met in the town of Sudbury a young man who was out of work and had been riding freight trains across Canada looking for a job. He said something to me that I fear is being said too often in various parts of Canada to-day. He said, "I believe in democracy, but if I have to choose between democracy and a job, I am going to take the job and let democracy go." Only last week a prominent official of the Anglican church on leaving for England gave an interview in which he said, "I believe that Hitler is the greatest statesman in the world. Germany and Italy have solved their unemployment problem, and Canada should be able to do the same."

Mr. MARTIN: Of course, that is not true.

Mr. DOUGLAS (Weyburn): I cite these two instances because I believe they are symptomatic.

Mr. YOUNG: But is it the hon. member's own view?

Mr. DOUGLAS: (Weyburn): If my hon. friend will allow me to make my speech, I shall in turn listen to him. I may say that it is not my own view. But there are in Canada to-day, hundreds of thousands of people exhausted by eight years of economic insecurity and instability, who are now beginning to say: "If we have to choose between security and democracy, we will take security and let democracy go; if we have to choose between freedom and stability, we will take stability and let freedom go." I believe, Mr. Speaker, that democracy is on trial to-day as it has not been on trial for centuries. I believe that democracy must be made to work, and that unless it can provide jobs for the unemployed, equitable prices for the farmers, and give opportunities and stability to the business and professional classes, democracy will be thrust aside in favour of some other form of government. It is not enough to talk about democracy. The present Prime Minister (Mr. Mackenzie King) has talked more about democracy than any other

man in Canada, and perhaps, in view of his great opportunity, he has done less than any other man in Canada to preserve it.

The Prime Minister also talks about national unity. But people do not unite simply because you tell them to unite. People unite if they have some great goal in common, and when they feel they are marching toward some national attainment, with some unity of purpose. But the people of Canada do not believe they are marching towards some national attainment.

We in this group believe in democracy. But by democracy we do not mean laissez-faire, maintaining things as they are, inefficiency. We believe that you can have freedom and social security; we believe that you can have democracy and employment. We believe that you can have liberty and economic planning; we believe that we can give to the people of Canada a more abundant life without destroying freedom of speech, freedom of assembly, freedom of the press, freedom of religion, or parliamentary institutions. Rather we believe that building upon these fundamentals of our society we can go forward from political democracy to economic democracy, without which all talk of democracy is idle and futile.

Abraham Lincoln said that no nation could long exist half-slave and half-free. It is equally true that no nation can long exist politically free and economically enslaved. That is where we part company with hon. gentlemen opposite. I believe that most of them are democrats but they are political democrats, not social democrats, not economic democrats. They believe that parliament should be controlled by the people of Canada, but that the economic life of Canada should be left in the hands of the monopolies and financial barons. But unless parliament is prepared to control big business, in a few years big business will control parliament. That has happened in other countries, and it can happen here.

We in this group believe that the salvation of Canada depends upon this parliament taking effective steps to control those financial institutions and monopolistic enterprises that are now exploiting the people of Canada. When we have done that, and only when we have done that, can we be sure that government of the people, for the people and by the people shall not perish from the earth.

Mr. BRUCE McNEVIN (Victoria, Ont.): Mr. Speaker, I rise for the purpose first of all of extending my congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address to his excellency in reply to the speech from the throne. Both hon. members made a profound impression upon this assembly.

My next thought is to express great pleasure and satisfaction on my part and on the part of my constituents at the proposed visit of Their Majesties the King and Queen to this dominion in the months of May and June. This gracious gesture on the part of our sovereigns, which is without precedent in our history, will I am sure quicken the spirit of loyalty within the mind and heart of every true Canadian.

As one of the members who did not have the pleasure prior to the present session of parliament of sitting in the house with the hon. member for London, the leader of the opposition (Mr. Manion), I desire to extend to him my heartiest congratulations upon being chosen to lead his party. May I also express my sincere wish that he may long be spared to lead His Majesty's Loyal Opposition in this dominion.

I wish to voice a note of regret at the retirement of one of the foremost privy councillors in the history of this parliament. I refer to the hon. member for Middlesex West (Mr. Elliott), the former Postmaster General. Mr. Elliott has had a long and distinguished public career in the public life of his native province and in that of this dominion.

I feel I should be remiss in my duty if I did not add a word of congratulations to the hon. member for Essex West (Mr. McLarty) and the hon. member for Edmonton West (Mr. MacKinnon) who have been chosen to take their places on the front benches of the government. I go a step further than the other hon. members who have preceded me; I wish to congratulate the Prime Minister (Mr. Mackenzie King) and the government upon being able to secure the services of these two gentlemen, who I am sure are well qualified for the strenuous duties that have been assigned to them.

During the course of this debate much has been said upon the questions referred to in the speech from the throne, and not a little has been said upon matters untouched or unmentioned in the speech. This is in accordance with the usual custom, but in the course of my remarks I shall endeavour, with a few exceptions, to confine myself to the subject matters contained in the speech itself.

The first question which I wish to discuss is marketing. It is a very large question, and for the present I shall content myself with making a few observations with regard to the wheat situation. At the very outset I want to make it perfectly clear that I am not going to offer serious objection to the action taken by the government in setting the price of wheat at eighty cents a bushel for the crop year of 1938. In the year 1937 I

travelled over a large part of the drought area in western Canada. I am therefore, in a position to judge with regard to conditions existing on the prairies at that time. However, I feel sure there will be general assent to the suggestion that we cannot establish as a settled policy in our economy provisions which would permit the payment of a set price for any commodity in one part of Canada and deny the same concession to those producing a similar commodity in other parts of the country. In addition, may I point to the unequal results which must inevitably follow the distribution of funds on the basis referred to, that is the eighty cent price for western wheat. For example, to the farmers who have much, much is given; to the farmers who have little, little is given; and to the farmers who have nothing, nothing is given.

Furthermore, may I point to what I believe would be a dangerous precedent. For instance, supposing a large producer delivered under this plan ten, twenty, or even thirty thousand bushels of wheat—which I assume is not impossible—and the world price eventually turned out to be twenty cents below the set price, the thirty thousand bushel producer under these circumstances would receive from the federal treasury $6,000 on one year's operations. I am of opinion that the significance of this statement requires no further comment.

Then we have the broad aspect of the situation to consider. Is it practicable to select one particular commodity and set the price for it, thus ignoring the producers of other commodities which may entail as much or more effort and expense to produce? Upon this aspect of the question I may have some further remarks to make at some future time.

Now let us analyze some of the conditions affecting the marketing of wheat. We have in one classification the exporting countries and in another classification the importing countries, in regard to this commodity. A review of the figures of the importing countries for the last five years, 1933-1938, shows that wheat imports were on the average for that five-year period 223,000,000 bushels less than the average during the 1922-1927 period. What is taking place is that coarse grains, potato flour, rice flour, chemicals, et cetera, are replacing wheat flour on the tables of the consumers in these countries. It is true that these substitutes are much inferior to wheat flour; therefore this changed condition represents a lowering of the standard of living in the countries referred to. Some of these countries may not be in a position to purchase both bullets and bread. The purchase of the latter is restricted and the purchase of materials for the former is increased. The net result is to increase the surplus of exporting countries, of which Canada is one of the greatest, and thereby reduce world prices for wheat.

Now with respect to the Ontario farmers' position, the increased price in some lines of production has improved their position over a few years ago. I believe the majority of the farmers referred to have been able in the last three or four years to meet their immediate obligations. Complete recovery has been impossible, due to the accumulation of unpaid taxes, unpaid interest, repairs which should have been made but were not, worn-out equipment which should have been replaced but was not—all of which was piling up for the previous five or six years. I have no hesitation in saying that the Ontario farmer is not in a financial position to assist in carrying the burden of taxation which would be necessary to maintain permanent fixed prices which must be materially above world prices for any farm commodity in other parts of the country. The whole question of set prices for farm products will be under consideration later in the session, when all aspects of the situation must be fully explored.

With reference to the problems of unemployment and relief: both of these difficult questions are in a large measure attributable to the low price level of farm products. I venture to predict that, in spite of palliative measures which may be used, no permanent solution will be achieved with regard to these matters until such time that farmers' returns are comparable with those of people who are engaged in other important vocations. If this were attained, it would immediately reflect an improvement in the position of the low wage employee.

In view of the remarks made by some hon. members to my immediate left with respect to employment in industry and with respect to the effect of the trade policies of this government upon improvement in industry in this country, that is the next point which I desire to discuss for a few minutes.

I am of opinion that our greatest problem is the surplus of unskilled labour. I so state because a review of employment by industries shows that while employment is down slightly when compared with 1937, it represents a substantial improvement over any other year since 1930. In fact it is only surpassed in the years 1929 and 1930 since the post war period. The figures I now propose to place upon *Hansard* cover employment in manufacturing, logging, mining, communication, transportation, construction, service and trade. The reason I

desire to deal with these matters is that in my riding we have substantial lumbering industries, and I am sure that the Canada-United States trade treaty which was passed in 1935 very materially improved the condition of the lumbering industry, which gives employment to a large number of workers in the riding I represent. Note that the relative weight shows the proportion of employees reported in the industries indicated above to the total number of employees reported in Canada by the firms reporting at December 1, 1938. The index in all instances is on the basis of 1926, 100:

1933	83·4
1934	96·0
1935	99·4
1936	103·7
1937	114·1
1938	111·6

If we look at the employment situation from the viewpoint of economic areas, we find that the greatest decrease in 1938 when compared with a similar period in 1937 occurred in the maritime provinces; British Columbia and Ontario registered slightly lower figures; while Quebec and the prairie provinces showed an increase, attributable, I think, to the fact that they had a crop.

Now let us compare the results in the eight leading cities in Canada. I desire to place these figures on record by reason of the fact that farmers in Ontario and, indeed, all over Canada are dependent, in a measure at least, upon these cities for the disposal of such commodities as milk, eggs and poultry. Taking the same index of 100 in 1926, we find that employment in these eight cities stood as follows:

1933	83·0
1934	88·2
1935	93·1
1936	97·7
1937	105·8
1938	105·7

With respect to the eight leading cities in this dominion, as far as employment is concerned the year records a drop of one-tenth of one per cent. I am sure that this does not illustrate the disaster which has been so forcibly discussed by hon. members to my immediate left. It may be interesting to note that employment in 1938 showed a steadier trend, while in 1937 there was revealed a wider fluctuation from low point to high point.

I am not one to state that all our economic troubles in the depression years were caused by the government policies in force at that time. I believe the policy of economic nationalism which was pursued by the government of that day was one of the important contributing factors in connection with our economic troubles. At the present time I give some credit to the trade and other policies of the present government as a means of assisting to counteract a contraction in industry and business comparable with the extreme condition of unemployment which prevailed for many months in the neighbouring country to the south, the United States.

I think this is a splendid example and endorsation of the policies of this government which have materially assisted stability in Canada, and I make this comparison with regard to employment in the United States and employment in Canada. A comparison between these two countries for the years 1937 and 1938 shows a drop in industry in Canada of approximately three per cent, while in the United States for a similar period the drop amounted to slightly over nineteen per cent. In this connection may I point out what must be firmly impressed on the minds of all the members of this house, that government spending on a huge scale does not cure economic ills nor offer any permanent cure for unemployment. For this reason I trust that as the discussions of this session proceed, the interests of the taxpayer will receive more recognition and consideration by this parliament than has been the case so far in this debate.

I come now to an item which is of special interest and significance to myself and my constituency. I refer to that portion of the speech from the throne dealing with matters pertaining to the Department of National Defence. I so state because dominion arsenal No. 2 is located in the riding I have the honour to represent. Before proceeding further, I desire to convey to the minister of this department my appreciation of the start which is under way at the Lindsay arsenal; but this represents but a small part of the plant. It is a well-established fact that the administration which preceded us prepared plans and already had proceeded with the construction of additional extensive arsenal buildings at Valcartier.

As is well known to the officials of the government, soon after my entry into this parliament I offered strenuous objection to this development because it appeared unreasonable to me to proceed with the construction of additional arsenal buildings to meet the needs of this department when at the same time the extensive facilities at Lindsay were idle and unused except for storage purposes. I am well aware that until that time the Lindsay arsenal had been classified as an auxiliary arsenal for use when the country was actually engaged in war. I also

offered my strenuous objection to this policy. It is true that during the regime of our predecessors, and up to the present time, certain requirements of the department were procured from private industry on the basis of cost plus profit. Mr. Speaker, I want to make my position perfectly clear with regard to this point. I am unalterably opposed to the further extension of this policy until such time as all the remaining facilities for production at the Lindsay arsenal have been utilized. I strongly favour and urge upon the government and this parliament the policy of using the government arsenals to their utmost capacity when it is necessary in times of peace. With respect to private industry it should stand ready in times of war for auxiliary armament production. At such times the interests of the Canadian people should be carefully safeguarded by government supervision of such plants. Now, having so expressed myself, I trust that the Minister of National Defence (Mr. Mackenzie) whom I, in common with the large majority of Canadian people, hold in very high esteem, will, when the opportunity presents itself, inform the house in regard to the government's intentions with respect to this important matter.

I come now to another point. In listening to the addresses of hon. members to my immediate left, I note but little variation in their remarks. The thought occurred to me that the hon. leader of the opposition (Mr. Manion) may have missed his calling in taking up medicine. He should have been a schoolmaster, because it would appear that his followers, in the absence of any reasonable grounds upon which to attack the administration, have learned to repeat a few inapplicable phrases, prominent among which we find the one, "do-nothing government". I say, let the opposition be fair. If we look out upon the world around us to the south, to the east, or to the west, do we find the sun of tranquillity, of prosperity, of peace and contentment, shining with its noonday strength upon the nations? I feel sorry that it is not so. But what do we see? War, and the rumblings and rumours of war. In many lands when the sun goes down the people know not what the morning may bring forth. This condition resembles very much, in fact it is in some respects more aggravated than, the condition behind which these same hon. members excuse their own inaction.

This government has diligently applied itself to the difficult problems confronting it, and has more definite accomplishments to its credit than any other government since confederation. What are they? In the first place,

with respect to exploring world markets, more effective trade agreements have been negotiated by this government than by any of its predecessors. I mention this point particularly because it has a quite definite interest to farmers, lumbermen, and others in my own constituency. Under the provisions of the 1935 treaty, lumber producers, live stock producers, and producers in various other lines of agriculture have received great benefits. In fact, I sometimes wonder, if it had not been for that assistance, where the live stock producers and others would be at the present time. Furthermore, the final completion of the revision of that treaty, which will be before the house in the not distant future, contains in my opinion many provisions which will much more adequately serve the interests of the Canadian people.

In my riding there is a large woollen manufacturing industry. I observe in the provisions of the Great Britain-United States treaty that the woollen industry of Great Britain has been given material concessions upon woollen textiles entering the United States. Canada is not mentioned; that provision deals only with the nation which in connection with the exchange of commodities contributes the largest quota of the article, but the same provision applies to Canada. I am satisfied that the woollen textile industry in Canada will reap substantial benefit from the treaty reductions on woollen goods entering the United States.

The recent pronouncement by the Minister of Labour (Mr. Rogers) regarding the problem of transients deals with an extremely difficult situation. I am sure every hon. member has great sympathy for the transients. I pay tribute to the thousands of Canadian citizens who, while not working at the present time, are willing and anxious to work. But the principle embodied in the British legislation should apply, whereby men, when given the opportunity to work, must accept that work in preference to relief. In saying this, however, I do not mean that married men should be removed from their homes and families.

I might proceed to enumerate many more accomplishments of this government: for example, the taking over of the central bank. When this government assumed office, credit was hard to get from banks, while to-day the banks are looking for borrowers who have any reasonable security. We have also the housing legislation; the elimination of taxation on the construction industry; and a constructive youth training program is under way. I do not know what form the government expenditures through the Department of Labour may

take. If the construction of the trans-Canada highway is resumed, I would be interested in seeing it completed through the eastern section of northern Ontario, and I should like to see an artery built through Algonquin park, which is in my riding. Our citizens and tourists would then have the opportunity of travelling north and south as well as east and west. But that matter will come up for discussion later on. I know that up to a certain point road problems are entirely provincial matters. The latest proposal to absorb a larger share of relief costs will greatly relieve the excessive taxation on real estate, and act as a stimulant to business and the building trade.

Then with regard to national defence: what were the conditions when this government came into power? A group of officers and men equal to those of any other country were training with antiquated and obsolete equipment. Now we have modern aeroplanes—

An hon. MEMBER: And Bren guns.

Mr. McNEVIN: —which, if not completed, are nearing completion, and warships for the partial protection of our shores. I believe that achievement alone is worthy of the commendation of every Canadian citizen because, much as we regret the necessity for larger expenditures on armaments in this country, world conditions are such that this expenditure can no longer be avoided.

In answer to the contention that this is a do-nothing government, I simply say that they have proceeded along sane lines, acting on the motto that where there is a will there is a way. In conclusion, I pay tribute to the Prime Minister (Mr. Mackenzie King) for his excellent work throughout the September crisis.

Mr. MANION: He did nothing.

Mr. McNEVIN: I am satisfied that his handling of that situation alone will commend itself to every thinking citizen throughout this dominion.

Mr. Speaker, I support the motion.

Mr. M. C. SENN (Haldimand): As this debate proceeds it is becoming difficult to avoid repetition in discussion of the matters referred to in the speech from the throne. There is, however, one important matter which received very little attention in that speech, and which, until a day or two ago at least, has received very little comment by hon. members in the house. But it is a most important matter to all the citizens of Canada. I refer to the plight in which agriculture finds itself in this country, and I intend to confine my remarks largely to a discussion of that question. It is true that some mention was made in the speech from the throne of the intention of the government to revise the grain act and to introduce a bill further to regulate grain exchanges. But these are matters which affect only the farmer in the west, in fact the western wheat grower, and have very little to do with the problems facing the mixed farmers of Canada. The hon. member for Qu'Appelle (Mr. Perley) this afternoon made an excellent speech in discussing the problems of the western wheat growers, but I wish to take a few minutes to discuss the problems of farmers in Ontario and particularly those engaged in mixed farming.

Before proceeding further, I should like personally and on behalf of my constituents, to join in the unanimous expressions of rejoicing in this house over the approaching visit of Their Gracious Majesties the King and Queen. Their visit will undoubtedly tend to increase the loyalty and devotion to the crown of all true Canadians, and will also tend to strengthen the ties which bind Canada to the empire.

I also wish to express the satisfaction and relief of the people of my constituency at the fact that the recent threat of war has been averted for the time being. In every municipality in the constituency of Haldimand cenotaphs have been erected bearing the names of those who made the supreme sacrifice in the great war. They serve to remind us, among other things, of the horrors of warfare. The memory of those trying days is still fresh in the minds of everyone, and I express the hope of all Canadians that any international complications which still exist may be speedily and amicably settled without recourse to arms.

I should like also to take this opportunity of expressing the pleasure I feel at the reentry into this house of the hon. member for London (Mr. Manion). I wish to congratulate him upon being chosen as leader of a great party. He possesses those qualifications, those graces of heart and of mind, which have made him an able debater and one of the most pleasant and gracious personalities in the house. I make one prediction, and it is that in the next house he will lead a much larger group than he does at present; and, unless all signs fail, I believe he will be Prime Minister.

In listening to the debate which has taken place so far, it seems to me strange that so little enthusiasm on the part of hon. members sitting on the government benches has been displayed over the new trade agreements. A survey of their speeches in *Hansard* will show that, apart from the mover and the seconder of the address, very little comment has been

made by hon. gentlemen opposite. This attitude is in direct contrast to the enthusiasm which was evidenced when the 1935 agreement was brought into the house. On February 25, 1936, the Prime Minister (Mr. Mackenzie King) introduced the resolution approving the 1935 trade agreement and used these words, as they appear at page 502 of *Hansard* for that year:

> The government of the United States and the government of this country were actuated by one and the same motive, namely to make an agreement which would be equally beneficial to both countries. . . . Could anything destroy the agreement more effectively than that it should be shown in the course of the next three years that one country had got considerably the better of the other? Would not the effect of an agreement reached in that way be to destroy the possibility of its continuance beyond the period of three years.

The trade figures for the past few years prove conclusively that one party to the agreement, to use the Prime Minister's words, did get considerably the better of the other, although that has not prevented the government from continuing the treaty and negotiating a new one. Let me for a moment review the question of trade balances between the two countries. The other day the hon. member for Huron North (Mr. Deachman) pooh-poohed the idea that trade balances had any particular significance. The hon. member is an expert in statistics. He has always professed a great belief in the value of figures, and from time to time has used figures to prove his own arguments. I suggest that the trend of trade balances between the two countries indicates, more clearly than anything else could, the effects of the treaty of 1935 upon Canadian trade with the United States. For the first thirty years of this century Canada had an unfavourable trade balance with the United States amounting to over five and a half billion dollars. That is an enormous sum of money, much greater than our national debt if we do not take into account our railway liability. It is about five times as great as the average annual agricultural production of this country during the past ten years. Yet that does not take into account the sums of money which have been sent to the United States in payment of interest charges and dividends. That flow of money across the border has greatly retarded our progress in days gone by; it has had a very bad effect upon our industrial and economic life and also upon our population, because during those years thousands and, indeed, hundreds of thousands of our young men followed that flow of money across the border in order to obtain employment.

When the Bennett government came into power in 1930, however, one of the first acts they performed was to revise our tariff schedules, placing them almost on a level with those tariffs which the United States had raised against Canadian products. The result of that action became apparent immediately. Our unfavourable trade balance began to dwindle and finally disappeared altogether, so that in 1934, 1935 and 1936 we again had favourable trade balances with the United States amounting to some $120,000,000. When the new treaty came into effect in 1936 another change took place, and in 1937 we again had an unfavourable trade balance of some $8,000,000, which rose last year to about $79,000,000. So, if we consider the Prime Minister's statement in view of these figures, what could be more apparent than that one country did get considerably the better of the other in connection with that agreement? Yet the present government, obsessed as it is with the idea of making treaties, has entered into another agreement with the same country. It is a treaty which will give little if any encouragement to Canadian agriculture, but it will encourage the importation of manufactured goods into Canada not only from the United States but also from all those countries which are enjoying favoured nation treatment.

In the speech from the throne much attention has been paid to the question of unemployment, which continues, of course, to be one of our most pressing and urgent problems. On the other hand, as I said in the beginning of my remarks, little has been said of the problems facing agriculture, which problems are just as important and just as vital to the prosperity of Canada as any others that exist in this dominion. Perhaps little was said about the problems facing agriculture because many at least of the ministers of the crown made statements at the beginning of the year forecasting what they thought would be the situation in the country during the year to come. For a moment I should like to refer to the statement made by the Minister of Agriculture (Mr. Gardiner), appearing in the *Globe and Mail* of January 3, 1939; I believe it is worthy of comment. Among other things the hon. gentleman asserted that there was an abundance of feed in Canada; that is, feed for live stock. He also made the significant statement that the numbers of our live stock —hogs, cattle and so on—had greatly decreased and on that fact he based the prediction that live stock prices probably would advance. To me it seems strange—indeed, it is a commentary upon the inaction of this

government—that the only prediction the minister made in regard to better agricultural prices was based on the fact that the numbers of our live stock had decreased. I remember very well the glowing terms the minister used some three years ago when he told the house he was going to institute a marketing branch within the department; but now, after that branch has been in operation for three years, all the minister can say is that we may have better prices for live stock simply because their numbers have decreased.

The farmer has been always faced with that very difficulty. In years of plenty prices fall, generally below the cost of production. In years of scarcity, or when the farmer has very little to sell, prices soar. In 1938 we had a bumper crop; yet prices of all kinds of grain and feed fell to the lowest level they have experienced since the very trough of the depression. It is true that in 1938 the farmers of Canada, and particularly those in the western provinces, had more difficulty in paying their taxes and meeting their obligations than they have had in many years.

I am convinced that the cure for unemployment does not lie in measures such as those advanced by the government, including the home improvement plan and the new housing plan, or in the expenditure of public moneys, such as has been forecast in the speech from the throne, for building programs to provide work. Nor do I think that the cure for unemployment lies in another suggestion made yesterday by the Minister of Labour (Mr. Rogers), namely the employment of men on our farms. I say that simply because the farmers of to-day cannot compete with other industries in the labour market.

After all, these are only palliative measures and provide no permanent employment. I believe the causes underlying unemployment in Canada are economic. To a great extent they arise from an unbalanced price structure. I do not suggest for a moment that prices of manufactured goods are too high; I do not suggest that the price of labour is too high, but I do say that the price of farm products is out of proportion to other commodity prices in this country. Recently the Hon. Mr. Morrison, Minister of Agriculture in Great Britain, speaking in the British House of Commons upon the question of the orderly marketing of farm products, concluded his remarks with these words:

> I hope the lesson is now well learnt that this great edifice we have built up of commerce and industry in various countries rests upon the foundation of primary production throughout the world, the empire and our country. If the primary producer is denied his proper reward, it soon brings ruin upon those who hope to sell him their goods, and I believe that stable organization for a market of this kind would really be a contribution not only to the prosperity of agriculture, but to the prosperity of trade and commerce as a whole throughout the world.

Those words express much more concisely than I could the idea I am trying to present. For instance, if agriculture were to be placed on a prosperous footing, it would immediately and of necessity initiate a building program much greater than any government can afford, simply because farm buildings and equipment are sadly in need of repairs and replacements, which cannot be carried out under present conditions.

It is, after all, the new wealth created each year in primary industry which maintains the buying power of the people, and which is in large measure the controlling factor of distribution. We have a number of primary industries in Canada, but the greatest of them, the greatest industry of all, is agriculture. It is therefore most important that the farmer should receive a price commensurate with the cost of his production, so that he may buy a liberal share of all kinds of merchandise. If this could be brought about, I believe our unemployment difficulties would gradually but surely disappear.

Governmental activities, both federal and provincial, have largely been directed towards assisting and teaching the farmer to produce efficiently and economically. I am not trying to discredit the operations of governments in this respect. Essential and efficient services have been performed, and the farmer has been taught the value of good live stock, good seed and proper cultivation. He has been taught soil chemistry, food values, balanced rations, and so on. But too little attention has been paid by governments and departments of agriculture to the farmers' most pressing problem, namely, the marketing of his products.

I have stated many times, in this house and in other places, that if the farmer were assured of attractive prices he would produce goods in quantity and in quality. But he has little encouragement when prices for farm products fluctuate as violently and rapidly as they are doing to-day, and as they have been doing for some time past.

Agriculture must take a leaf from the book of industry, and set up a proper system of merchandizing its products. The day is gone for the producer as an individual to market on a competitive, cutthroat, hit-or-miss basis, without knowledge of what other producers do, or what his competitors do from day to day.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. SENN: Mr. Speaker, when the house rose at six o'clock I was discussing the imperative need for more stability in the price of farm products in Canada. I had stated that if the farmer could be assured of prices which were commensurate with the cost of efficient production, our unemployment problem would gradually disappear. It cannot be questioned that farm prices are not on a parity with those of other commodities, particularly in times of plentiful production on the farm. The reasons for this are many, I believe, but I shall refer to only one or two.

Agriculture is practically the only Canadian industry whose prices are controlled by supply and demand. The price of manufactured goods bears a very close relationship to and is largely governed by the cost of production. Lawyers, doctors and professional men in Canada all have a schedule of fees which they adhere to more or less closely. The salaried man knows at the beginning of the year what his income is going to be. Merchants endeavour, and very successfully, to maintain a constant margin of profit between buying and selling prices. Freight rates, passenger rates, telephone rates and so on are controlled by a government board. Government contracts contain a fair wage clause, and labour has its union scale of wages which is recognized by statute. Recently I read in one of the Toronto papers an item stating that a Toronto barber had been haled before the court and fined because he had charged twenty-five cents for a haircut, which was lower than the union wage scale.

Unquestionably, Mr. Speaker, these systems of price maintenance are here to stay. But notwithstanding these schemes for maintaining prices on every hand, the farmer has little or no control over the prices which he obtains for his products. Agencies must be maintained to collect, to process, to grade and to distribute farm products, and they all take their margin of profit. The spread between farmer-producer prices and consumer prices is gradually widening, but little or no effort has been made by the present government to provide a remedy; in fact, the present government immediately on coming into office took steps to destroy the machinery set up by the former administration to assist agriculture by referring the Natural Products Marketing Act to the privy council for a decision as to its validity.

I want it to be understood that I am not suggesting that prices for farm products should be fixed in Canada in the way that was done by the present administration when it fixed the price for western wheat. I do, however, agree heartily with the suggestion made by the hon. member for Prescott (Mr. Bertrand), and again this afternoon by the hon. member for Victoria, Ontario (Mr. McNevin) that since this has been done for the western farmer, similar concessions should have been made to the eastern grain grower and the mixed farmer.

May I point out that in many lines of farm production a very large percentage of the production is consumed in the Dominion of Canada. I have before me a bulletin issued by the bureau of statistics, agricultural branch. It is entitled, "The relationship of exports, imports and apparent consumption of agricultural commodities to Canadian production." I find that it gives the percentage of exports to the amount produced in Canada in the year 1935, for example, and I shall give the house only three or four commodities as an example of what I mean. In 1935, of oats, for instance, we exported only 3·9 per cent of our production; 9·11 per cent of barley; 2·4 per cent of potatoes and 7·9 per cent of cattle. Of our total meats we exported 12 per cent; of our total dairy products, 6·8 per cent; of eggs, ·6 per cent; of our total poultry products, ·8 per cent. Unfortunately, Mr. Speaker, it is the price we receive for this small exportable surplus which, in a great many instances, determines the domestic price. Why should the price received for the eight per cent of our cattle exported control the price of cattle in our home market? And yet it undoubtedly does.

In a bulletin which I received from the industrial and development council of Canadian meat packers I find this significant sentence:

> It is evident that with a duty of six cents per pound on dressed beef the Canadian packing industry has been eliminated as a competitive factor in United States markets.
>
> This situation makes market prices for Canadian cattle dependent on United States cattle prices. The value of any cattle in Canada (with some possible minor exceptions) will be what they are worth for export alive to United States and any possible export to Britain. This must obtain in every class of cattle of which there is a surplus over domestic requirements.

This is surely a case of the tail wagging the dog. It is a most unsatisfactory and unprofitable method of determining domestic prices. In many instances our Canadian farm products compete in foreign markets with the cheap goods of other nations which have lower wage scales and lower standards of living. The search of the present government for markets in foreign countries, no matter how successful,

can never solve the problem of the farmers' price structure in Canada. Some leadership must be given, whether we like it or not, towards maintaining a reasonable price structure for farm products in this dominion. Other countries have taken drastic steps in this direction. Australia some time ago put into effect what is known as the Patterson scheme of bonusing exports to help maintain a profitable price level at home. New Zealand two or three years ago set the price of butter fat in that country, where the production of dairy products is the most important industry, and as yet its government has not paid out one cent on that account. Great Britain has established a quota system, in order to maintain farm prices by means of the quantitative regulation of imports. France, Germany and Italy have bonused the production of cereals in their respective countries and have erected impassable trade barriers against these commodities.

The former administration passed the Natural Products Marketing Act, under which some twenty-two schemes were operating when the act was declared ultra vires by the privy council, to which body it had been submitted by the present government for adjudication as to its validity. In contrast to all this, the present government has done little or nothing toward assisting agriculture in Canada to maintain a stable price for farm products. Fluctuations in prices continue with startling rapidity, and the Canadian farmer is powerless to prevent them. If Canadian agriculture is to survive, something must be done and done quickly. I heard a responsible man not so very long ago say that a very large number of our farmers are to-day bankrupt. He placed the proportion at fifty per cent. I am not going to say that such a percentage is at all correct, but I know the number is very large and is gradually increasing. It is little wonder, therefore, that everybody in this country is condemning in no measured terms the inaction of the present government. It is high time that action should be taken, and I suggest to the government that if they are unable to cope with a situation they should make way for somebody else.

For the reasons I have outlined I intend to vote for the amendment which was proposed by my leader. In the words of that amendment:

> . . . the government has failed . . . to show a proper realization of the serious economic conditions existing in all sections of Canada, as evidenced by . . . widespread distress which prevails in agriculture; and has failed—

Dismally.

> —to take appropriate measures to relieve such conditions.

I should like to conclude by quoting one sentence which I read recently in a trade journal and which expresses in a few words my sentiments regarding the great basic industry of agriculture:

> It can be said that agriculture is God's chosen profession, and nothing can be nobler than producing foodstuffs for the Canadian people. If the producer cannot get his just reward, then no other class of people can enjoy permanent prosperity. The farmer in the last analysis asks for nothing more than a square deal with a decent standard of living in the farm homes of Canada.

Mr. J. J. KINLEY (Queens-Lunenburg): Mr. Speaker, in this house we have assembled 245 members, and each one has an intimate knowledge of conditions in some part of Canada. They are men and women who in the aggregate know more about the country and have more accurate information than could be obtained from any other source. This knowledge was exhibited at the outset by the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address. I have a great deal of pleasure in adding my congratulations to those they have already received.

As the debate has continued, some have spoken of our achievements and other have told of our problems and our difficulties. But with it all I am sure we shall all subscribe to the thought that in spite of those difficulties and our problems, we all feel thankful for the many blessings and advantages we enjoy. Canada is a good country. In fact at this time I can think of no other that is superior. We have freedom in this country, and in the midst of a troubled and perplexed world we have a degree of security which is assuring. Our associations with outside peoples are most fortunate, and we believe that in spite of conditions which exist and pending disasters that seem to have threatened us during the last few years we are making economic and social progress.

To judge of our country we must compare it with others; and when we make these comparisons I am certain we shall agree that Canada is in the very forefront of progress. Trade after all is the industrial blood stream of the nation. We are told that we are sixth in foreign trade in the world, that our domestic exports are fourth of all countries of the world, and I am sure we agree that this is a splendid position for a country such as Canada. We are told also by experts, men who admire us from the outside, that Canada is a bright spot in the industrial life of the world and that her immediate future is full of promise.

The leader of the opposition (Mr. Manion) thinks we have failed, and he has so expressed

it in the amendment which he moved to the address. Well, this is natural. As leader of the opposition he is supposed to criticize and show the imperfections of the government. But I am reminded that he was formerly a member of the Bennett government. Being a member of that government, he has memories; from his speech the other day I think one can draw the conclusion that he thinks he was most severely and wrongfuly criticized in the days that are gone, and now that he is leader of the opposition he is going to return the compliment. He would like a reduction of taxes, but he is not so enthusiastic about the removal of the three per cent excise tax. And when he talks about a reduction of taxes and enumerates in this chamber the taxes that have been placed on the statute books, we are reminded that most of those taxes were placed there by a former government, and for a purpose, that purpose being to pay the enormous burden caused by the war. That burden is still with us and is still growing. While we thought that during recent years some way would be found to overtake and lessen this burden, we have discovered that we must now spend millions of dollars in order to defend this country and make it safe as a part of the British Empire, and therefore we cannot see, in view of the spending which is imposed upon the government, how this reduction in taxes which he talks about can take place.

The right hon. member for Calgary West (Mr. Bennett) led the opposition in this house for three years, and he was most critical; he also thought that the government had failed. He recently decided to move to another land, and in being entertained before he left he took the people of this country into his confidence. He has now decided that the church has failed. Well, I should hate to think that the church has failed, and it would be sad to visualize a country where there is no church. I do not think the church has failed in Canada; but, like all progressive movements, all movements for uplifting the people and raising the standards of the citizenship of the country, the church can never completely accomplish its purpose and in this world it will never reach its goal. On the one hand we have the present leader of the opposition saying that the government has failed; on the other we have the leader who has retired from the field saying that the church has failed in this country. I am sure that we all have faith in this country; but some hon. members, in trying to inform us how the administration fails, will go to distant countries and exhibit to this house what they think is a good picture of prosperity there.

The hon. member for Rosetown-Biggar (Mr. Coldwell), who almost always contributes something of interest to the discussions in this house, the other day told us how well New Zealand was getting along. Well, my information is that New Zealand enjoyed a period of artificial prosperity induced by a program of expanding expenditures in public works and in other ways. But they found it too great a strain on their resources, and they are now endeavouring to restore the situation by making drastic restrictions in imports in the hope that this will relieve the financial strain. It looks as if they will be required to pay for their carnival of prodigality.

I have before me a circular that came to our office in the course of business. It deals with New Zealand's import licensing system and advises that a further cablegram has now been received from New Zealand stating:

> The New Zealand Finance Minister has decided to admit any goods ordered on or before December 5, 1938, irrespective of the date of shipment of such goods, provided the quantities are not abnormal. As to orders received since December 5, the present status is that the importer in New Zealand must get a licence from his government to import before it is safe for the Canadian exporter to forward shipment.

It seems to me that the story about New Zealand's prosperity can well be taken with a grain of salt. Our friends to the left refer from time to time to Norway and Sweden, which countries they say we should copy. Their example, we are told, is well worth considering. I have never been in Sweden, but in our harbour I have visited vessels from both Norway and Sweden and have talked to their crews. I have seen how their men are fed, and I know that Canadian sailors would not be satisfied with what is given sailors from Sweden and Norway. I know also that these people are undermining the marine trade of this country. Through the low wages they pay their crews they are able to compete successfully against our people. I have seen these vessels come and go for years, and I know that there are members of crews who will desert at every opportunity in order to remain in Canada.

I took the trouble to prepare from the records of the League of Nations a statement of wages paid different classes of men in Norway, Sweden, Great Britain and Canada. The list comprises shipyard workers, machinists, shipwrights, helpers and labourers, carpenters, bricklayers, electricians, cabinet-makers, street-car conductors and motormen, machinists generally, truck drivers, bakers, and civic labourers. I find that in every instance the wages paid in Canada are a great deal more than those paid in Norway and Sweden.

But, we are told, the social structure in those countries is so good that there are no monopolies in Norway and Sweden. The fact is, however, that the most iniquitous millionaire of the century carried on his work in Sweden through a match monopoly, and his operations had their repercussions in other countries. He finally came to an untimely end by shooting himself.

However, there are difficulties in this country, and as we all know, unemployment is one of them. To-day it is really the fly in the ointment; it is the thing that troubles us most. But why should that be? I wonder if our people are making a really determined and intelligent effort. Some responsibility rests, of course, with the government, and there is some responsibility with those who are unemployed; but I am referring especially to the intelligent, virile and strong people of the country, who, after all, are the people who must make it a success or a failure. On Sunday morning it was my privilege to listen to a missionary from the island of Formosa, which is about as large as the island of Vancouver. I am told there are over five million people there, and one wonders sometimes how they get along. The same is true of many other countries with large populations. But here in Canada we have eleven million people with great resources and a vast territory, and it seems to me that if the matter were seriously considered by every Canadian citizen, a way would be found of providing employment for our people.

I was very much interested yesterday to hear the speech of the Minister of Labour (Mr. Rogers). He spoke of the responsibility of private industry. He said that private industry had a responsibility in Canada to see that men were employed, and I agree with him. Perhaps there should be a more extensive system of subsidized apprenticeship in order that every man could learn a trade. When I think of unemployment I think naturally of my own riding. In my counties there are men who naturally wish to work at sea. On the seacoast of Nova Scotia we have the greatest commercial fishing centres of Canada, and I am constantly approached by young men who are anxious to get a berth so as to work on the sea instead of being unemployed.

I have known for a long time that the Canadian mercantile marine and the marine interests in this country were not very considerate of Canadians. I came across, in the *Financial Post*, an article that startled me. May I read it:

Whose Vessels are They?

Should Canada contribute to the support of the British navy? A member of the staff of the *Financial Post* recently in London was asked by many English people when Canada intended to carry its "share" of the load of protecting Canadian shipping on the North Atlantic.

This question is one capable of provoking a prolonged discussion in any group. In the ensuing argument there is one factor that is likely to be overlooked. Not a determining point, it is nevertheless important.

The ships on the North Atlantic that carry cargoes between Canada and the United Kingdom are British ships. The *Post* staff man came home on a C.P.R. ship. It had been built in Britain and was of British registry. It carried a crew of 381, of whom only one was a Canadian. That man was the railway ticket agent!

In the twelve months to March 31, 1937, 911 vessels of British registry carrying cargo entered Canada with 1,523,557 tons of freight from the United Kingdom. The vessels were manned by a crew of 114,211 men. In the same period, one vessel of Canadian registry, carrying cargo, with seventy-five tons of freight and with a crew of thirty-nine, entered Canada from the United Kingdom.

Now we know that the head of the Canadian Pacific Steamships and the Canadian Pacific Railway is interested in youth. He is a public-spirited man who is anxious to see unemployment ended, and it is to his interest to see that it is ended. But how can we do away with unemployment if men of that standing forget that the people of this country must be employed in industry if unemployment is to be ended? I am told that these railway companies are anxious to have more immigration into this country. And I believe that if fifty or one hundred thousand people came into this country from Europe they would be employed within a year or two. But I am more interested in the men of Nova Scotia who in the past sailed to every country in the world and on all the seas. These men desire employment; it is a natural ambition and a legitimate claim that they should have the first openings in the services of this country. They are not looking for big wages. From Vancouver we are told that it is a matter of wages. What our men want is a chance to start to learn something; it is a question not of wages but of getting employment. When the statute of Westminster was passed I thought it was the emancipation of the coasting trade and the merchant marine; but concurrent with the enactment of that statute was also enacted the merchant shipping agreement; which handed back everything we gained as far as shipping is concerned, and Canada's coasting trade to-day—differing from that of the United States and other countries—seems wide open.

With regard to relief, we realize that there has been an abnormal situation in western

Canada and that the effects of those years of drought are still being felt. Were it not for that condition, good as our progress has been it would probably have been much better, and the ministry could have presented a better report. In Nova Scotia it is hard to think of a farmer on relief. We very rarely have a failure of crops, and whatever else he has, he at least has enough to eat and is able to keep himself warm. In my riding there is no relief. I have under my hand a report relating to the municipal council of Lunenburg, which appeared the other day. It states:

> While other municipal councils in the province are raising their tax rates, Lunenburg's governing body gave assurance in their opening session to-day that the rate for the municipality of Lunenburg would be lowered again this year. For the past three years this county has been favoured by a reduction in rates, and it is expected that the present rate of $3.10 will be brought down to the $3 level.

This condition prevails not only in the municipality of Lunenburg but in the town of Lunenburg, where the tax rate has been reduced and they are retiring bonds; also in the towns of Bridgewater and Liverpool. These are the three important towns in my riding.

Hon. members may wonder how this comes about. The year book shows that we in Nova Scotia earn less than in practically any other province except the other maritime provinces, that we have less per capita wealth, and that our production is less. Still, in my riding there is no direct relief. Thrift is a virtue which I commend to the people of Canada. It seems to me that the municipality is primarily responsible for relief, notwithstanding the contributions from the federal government and the provincial government. But if the municipalities do not realize that this relief is a canker in the life of this country, there is little hope of accomplishing much. It is probably true that in urban districts the position is worse than in the rural districts. That is to be expected because in the artificial life of cities when people are out of work they have no resources with which to maintain themselves.

With regard to unemployment, I think that youth training is the most important matter with which we have to deal. Time will cure the troubles of the older people, but teaching our youth to be good, responsible citizens is the right place to start to solve this problem. If a young man lives to the age of twenty-two or twenty-three loafing around pool-rooms and becoming a drifter, he is not apt to be much of an asset to his country. As a subject for youth training in the maritimes, navigation at once presents itself. I am glad that I succeeded in getting the marine section of the Department of Transport to open a navigation school in a principal seaport town in my riding. It should be part of the public education from a technical standpoint in Nova Scotia. Every boy who exhibits a desire to go to sea should get training in navigation. Six years ago parliament passed the Canada Shipping Act. Sometimes laws aggravate unemployment. In my riding the Canada Shipping Act aggravated unemployment. Our men were men of experience. They go to sea and become expert sailors by experience. But they did not have certificates. But when this shipping act came into effect they were put out of their jobs; they were told they were not fit because they had not a certificate. I approached the Minister of Transport (Mr. Howe) and explained the matter; he sent his technical officers to Nova Scotia, got these men together and held examinations, and in the town where I live fifty or sixty of them passed. This year again we had some trouble with certificates; the minister again sent his technical officers to the province, and I believe they found a satisfactory solution of the matter.

With the advent of the internal combustion engine we should be training engineers capable of handling the Diesel engine. This is a new field of endeavour for young people. I believe that the Diesel engine will bring back wooden shipping along the Nova Scotia coast. These wooden ships with Diesel engines are very economical; they do not need a large crew and they have good speed. Quite a number have been built during the last few years; we have had a revival of wooden shipbuilding in Nova Scotia by reason of the Diesel engine. I want our men to be taught to be good engineers to operate these boats.

We sometimes hear about public works, and we are told that public works are not much good to help unemployment. Well, public works are good. Along the coast of Nova Scotia there are many fishermen who hardly earn enough to get by, and if there are public works which enable them to earn $50 or $75, it just makes it possible for them to get along comfortably and helps out the situation splendidly, in addition to providing the breakwaters and wharves that are necessary in order that the fishermen may properly carry on their business. I think public works, as they apply to the sea coast, are absolutely necessary, and the men give a return for the money they receive.

I am glad that the speech from the throne contained a reference to the fishermen. That is a compliment, because it is not often that the fishermen are mentioned there. At page

27 of *Hansard* for January 16, the leader of the opposition (Mr. Manion) quoted from the speech from the throne, as follows:

> Continuous improvement in the position of the fishing industry as a whole has been reflected—

He stopped there, and said that his reports were to the contrary. As a matter of fact, however, this is what was said in the speech from the throne:

> Continuous improvement in the position of the fishing industry as a whole has been reflected in annual increases for the past few years in the aggregate amounts received by the fishermen from their work. The Department of Fisheries have given, and will continue to give, increased attention to the problem of marketing. The government have also assisted fishermen substantially through direct aid.

Well, we are not satisfied with the condition of our fishermen, but we think a great deal has been done. I must remind the house that it was a Liberal government that first appointed a separate Minister of Fisheries in the person of Hon. Cyrus Macmillan; and during the last few years a great deal of attention has been paid to this industry. Loans have been granted, with the cooperation of the provincial government. In some provinces direct contributions were made, but in Nova Scotia it was done by way of loan. A collection service has been established in eastern Nova Scotia, where the worst conditions prevailed, and this year nearly two million pounds of fish have been brought from that section to the market at Halifax. Then I am reminded that the provincial government has been giving a bounty of one dollar per quintal on salted fish, for the export trade. After that had been in existence for two years it was reduced to seventy-five cents, but the fisherman still got his fifty cents while the owners of the vessel got twenty-five cents.

Our hon. friends to the left ask what we have done for the fishermen. I recall when a delegation from my county came to the government, before 1930, complaining that conditions in the export trade were bad and asking for a bounty of fifty cents in connection with salted fish. That request was refused. Then, when the Liberals came into power in Nova Scotia, with the cooperation of this government a bounty of a dollar was paid the fishermen in order that they might have a fair show in the export trade in competition with other countries doing the same thing. There was also a bounty established on seals, which were destroying the fish and causing a great deal of damage. In my riding also, I am proud to say, we have the Nova Scotia fisheries exhibition each year, which was honoured last year by the attendance of the Minister of Transport. That exhibition has been subsidized since its inception, and we feel that it is a great advertisement for the fisheries of this country. That subsidy is also something we obtained from the Liberal government.

I should like to refer to old age pensions. As hon. members know, the old fisherman was always a problem on the coast of Nova Scotia. He might possess considerable wealth one day; then along came a storm and his nets would be swept away. We find that as the fishermen get older most of them have very little of this world's goods, so the old age pension did a great deal for the fishermen of Nova Scotia, making an asset of many an old man who had been a liability to his sons, and bringing some social justice to these people along our shores.

When we came here in 1935 we had high hopes in regard to the trade treaty. I must confess that I was a little disappointed, when the trade treaty was consummated, that fish of the cod family were not included in it. But we thought perhaps there would be a chance in the future. Some fish, swordfish, halibut and so on, were covered by the treaty, and the production of those fish immediately increased. In my riding we have the largest fishing fleet in Canada, and I thought if we could get a trade treaty with the United States, giving us entry to the best market in the world for fresh cod, halibut and other Canadian fish, we would be doing something for the people whom we try to represent. Now this three-way trade agreement between Great Britain, the United States and Canada has been consummated, bringing with it reductions in the duties on fish entering the United States. I believe that will do more to stabilize and assist our fishing industry than anything that has been done by this parliament for many years.

In 1932 we had an imperial trade conference in Ottawa. Right Hon. Stanley Baldwin delivered an address in this very chamber, and speaking of empire trade he said that there were two ways in which increased preferences could be given, either by lowering tariffs among ourselves or by raising them against others. Then he said:

> The choice between those two must be governed largely by local considerations, but subject to that it seems to us that we should endeavour to follow the first rather than the second course.

He was in favour of the lowering of duties. I think this trade treaty, though it is to extend for three years, will be more stable than the treaty of 1935 because it is linked up with the British trade agreement, and the

British agreement with the United States is of greater importance in the industrial life of the world. Of course if the British trade agreement fails, we shall get back some of the things which our friends say we lost but which probably were given so that the cod fish of the maritimes might get into the United States market.

Let me say I was very proud of the position taken in Nova Scotia by the Minister of National Revenue (Mr. Ilsley) just after the treaty was signed. He represents a great apple growing constituency, one enjoying a preference in a free market. On the other hand fishermen have had to enter a market carrying a high duty, a market which was by no means a free one. I might add that apple growing is also carried on to a considerable extent in the constituency I have the honour to represent, which adjoins that of the minister. I believe the minister spoke for the people in Nova Scotia when he said that, after all, apples still have a good preference, and will continue to supply the British market.

I do not believe trade is divine in its origin, but I am of the opinion that the Divine Architect of the Universe had some regard for trade when the world was created. We find oranges and bananas growing in warm countries, fish in the cold waters of the Atlantic, minerals in the unexplored regions of the frozen north. All this is a challenge to man. Trade is a challenge to man to be industrious and to be diligent in his business operations. After all, trade is the life of the nation. Has any hon. member entered a town and heard someone say, "Oh what a dead town!" What did that person mean? He meant there was no trade—nothing moving. No one knows better than the leader of the opposition that if a man's blood stops circulating, he is dead. If water remains quiet, it becomes stagnant, and develops power only when it begins to move and when there is circulation. The same reasoning applies to the trade of a country. The circulation of trade is what makes the people prosperous. It is my belief that Canada's exceptionally good position as a trading country means that our future is assured and that the government in office deserves credit for this achievement.

The West Indies treaty has been the cause of much discussion, and the hope shared by hon. members from the maritime provinces is that we may obtain a better deal under that treaty. Criticism has been lodged in the country about a lack of notice at an earlier date. Hon. members can well see that in view of consideration of the three-way British-Canada-United States trade agreement it would not have been a good idea to have given earlier notice and thereby cause embarrassment in connection with the arrangemnts with Great Britain and the United States. Notice to the West Indies was given immediately after the trade arrangements with the United States and Great Britain were signed, and I believe in due time hon. members from the maritimes will find the amended trade treaty will be signed, will exhibit their desires, and will show that we represent our people in an intelligent manner.

I have spoken about the low earnings per capita of the people of Nova Scotia, and have pointed out that no direct relief has been paid in Queens-Lunenburg. From those observations hon. members may have received the impression that we have little culture, that we do not look after our social services, and that we are lacking in intelligence. I would remind hon. members that such is far from the case. I have felt grateful to the Canadian Broadcasting Corporation which has given us an opportunity to give expression to the cultural side of our people. The broadcasts over the Canadian network of the concerts of the Lunenburg glee club have left no doubt as to the cultural development in that part of the country. We are of the opinion, too, that the contest in which the Bluenose took part was well handled by the broadcasting corporation. Both the race and the musical activities are expressions of the cultural development in Queens-Lunenburg, the riding I have the honour to represent.

In closing, let me point out that the price spreads committee of which the hon. member for Kootenay East (Mr. Stevens) was chairman, stated that the fishermen of Canada needed markets, and that there was no trouble about production. As a matter of fact, we have over-production, but we need more markets. In Canada, while we consume only twenty-six pounds of fish per capita a year, we produce one hundred and twenty pounds per capita. Hon. members will see that there is a large surplus which must go somewhere, and it will be recognized at once that trade treaties for the fishermen of the Atlantic coast are of paramount importance. We must have such treaties if those men are to live and prosper, and I hope the fishermen will get a larger share of the consumer's dollar.

We hear fears expressed to the effect that democracy is imperilled. Democracy is not easily attained; it is militant and demands a virile, industrious and alert people. I do not believe the peoples of Europe want dictatorships, but they have sunk below the level of men who can govern themselves. The

question occurs to me: How long in this country can men who cannot support themselves govern themselves? The question arises as to whether or not we should take a firmer stand and the captains of industry, the governments and the alert people of the country join together in an effort to eradicate unemployment which, after all, is the real and serious problem which faces us.

Mr. WILLIAM HAYHURST (Vegreville): Mr. Speaker, I quote the last sentence of the speech from the throne:

> In this critical time of the world's affairs, I pray that Divine Providence may guide and bless your deliberations.

Yes, "guide and bless your deliberations." At the present time the international situation calls for enlightened leadership. Canada is placed in a position where it may give leadership to the nations. Surely by our exertions we might do something to save ourselves and by our example might do something to save others. The health and happiness of mankind are of more importance than the piling up of armaments, something which is most distasteful. Out of the anguish and distress of to-day it seems to me that it would be possible to make Canada one of the leading nations of the world.

The public ravings of some people in various countries are creating an attitude of fear not only among neighbouring peoples but among ourselves. The powers of fear and hate have superseded the power of reason. The defenders of democracy are being challenged, and that implies the possibility of conflict. May Providence guide us from such conflict, which can lead only to chaos. Public opinion in neutral countries would and could change for good the balance of our civilization.

Democracy as practised by this government is said to be aimless, inefficient and economically unjust. It is time the government did some really democratic planning. Democracy in Canada does not give freedom or opportunity to the mass of the people on account of economic inequalities. I ask, what good is freedom to a starving man? He cannot eat or drink freedom. The situation is critical. Time is a vital factor. The world is changing rapidly, and dilatoriness can easily give the fascist dictatorships the control they desire. The road to victory lies in taking the offensive, and the first offensive should be the crystallization of public opinion against inroads on our liberties. We must be quick to organize against such inroads while there is still time. We cannot be silent in the face of injustice; for liberty must arouse respect in the minds of our people. Those who know what liberty means will not surrender. Democracy should adopt a counter-strategy to fascism, but this strategy must have aims which are worth working for. It has been said that democracy stands for liberty, equality and happiness. We should not be afraid to advertise these facts to the world.

The armies of unemployed in the world, the economic interdependence brought about by booms and slumps, take from us the power of judgment. It is impossible for us to penetrate beneath the mask which our enemies prepare, and thus has been killed the very idea of freedom. At times it seems that mankind is again heading into a new dark age. The search seems to be for power. Witness Japan in her lust for imperial dominion, carrying on a ruthless warfare with China. Angry passions rule nations. Making war in order to gain economic objectives has become the adopted policy of many nations.

Security is all that people want, but insecurity has made people careless; for we are not free if we are helpless to keep our security. The policy of to-day is such that foreign glory has been presented as a substitute for a higher standard of living. Social reform must await the completion of arms programs. The normal habits of freedom will be difficult to attain in lands where dictatorships have flourished. Hate and passion have taken the place of free debate, and who knows whether it will not end in revolution or international conflict? The urge for freedom should be powerful enough to make us organize and be prepared for eventualities.

Democracy will survive only if its most ardent devotees prefer it to other ideologies. Democracy has a real responsibility. It must oppose the encroachment of dictatorships, or the struggles of our fathers will prove to have been in vain. We should not compromise on fundamental principles. It seems that we must choose between an open-door economy and a closed economy, between open diplomacy and secret diplomacy, and if we choose the former we must realize that it must be based upon faith in each other's pledges. Too often these pledges have been broken. We have compromised on armaments only to find that other nations have not kept their agreements.

With purpose and decision we should plan for a better society. No doubt our society should eliminate poverty and unemployment, and it is within our power to do so. Can we remove these evils; can we hand on the freedom won to the generations that are yet to come?

I shall never forget the time of the recent crisis in London. One day I listened at Hyde Park corner to the speeches of various people. I was particularly interested in the startling remarks of a tall, gaunt, hollow-eyed man who was denouncing Mr. Chamberlain. He said that Mr. Chamberlain had gone to see the barbarian in the barbarian mountains, and that he might have brought back peace, but it was peace with dishonour. It is not for me to pass judgment upon him. Later I visited Westminster, with all its history. Here is the very cradle of our parliamentary institutions. Here the lives of the great men remind us that the administration of the empire or of any part of it has been far from perfect. But where do you find perfection in democratic government, which believes in a maximum of liberty for the individual? This very liberty gives us freedom to do so many things that we are bound to make mistakes somewhere. The administration of the empire, I repeat, is far from perfect. There are many stains on our record —stains on the record of our treatment of the native peoples of Africa—stains on the record of the treatment of our Indians—but these stains are abhorrent to us and we are anxious to wipe them out. We stand for justice, mercy and beneficence. Far from perfect, the record of our parliamentary history will compare favourably with the history of any other people with a different form of government.

It is difficult to find a satisfactory basis of classification of the governments of the world, but in any such classification the parliamentary form of government, imperfect though it be, is still our greatest heritage. Conditions will not remain as they are. We shall have changes. Indeed to-day the great need is to change. We have witnessed the adoption of the federal system of government in Canada and Australia, and have seen the unification of South Africa. The process will not stop there. Science and geography will make us change as the needs arise. Our achievements in the past will urge us on to greater and better liberties, and we shall ease and lift the burdens now borne by many. Every type of civilization, every cause, however hopeless, has always found defenders who would accept martyrdom in its behalf.

In this connection I wish to read a passage from The Things Men Fight For, by H. H. Powers:

> But while our preference is not due to the superiority of our civilization, the superiority of our civilization is largely due to our preference. The most ideal civilization would die if its devotees did not passionately prefer it, just as the most perfect species of animal would perish if it did not cherish and protect its young with unreasoning devotion. Hence our unreasonable preferences as measured by the inherent quality of things, are justified as the only thing that can give our way of life a fighting chance in the great struggle for survival.

It is invidious to make comparisons, and I do not propose to do so. I shall simply say that our ideals are the result of a long and arduous struggle. The yoke on our shoulders has been lightened by the struggles of the past, and now we must hold fast to the intangible things that have made our empire great.

The nations of the world are engaged in a mutual effort to strangle each other by war, by raising tariffs, or by lowering quotas. Every nation is trying to increase its exports but is unwilling to import. The imports of one nation are, however, the exports of another, so that in so far as world imports are reduced world exports are thereby correspondingly reduced. Until, therefore, nations generally are prepared to increase their imports, world imports cannot increase.

The reason for dwindling world trade will accordingly be found when it is discovered why nations wish to reduce imports. The individual merchant is vitally interested to see the removal of the obstacles which each nation places in the way of imports, and a consequent expansion in total world trade. He is personally concerned in the discovery and removal of those causes which have led nations to attempt to restrict imports by means of tariffs, quotas, and exchange restrictions.

The dragon's teeth of discord are being sown in countries of eastern Europe. Will this break down our civilization? Will bitter propaganda kill all originality of mind and creative thought? Will democracy survive? If it will, it must be reinforced. The dark clouds of war are casting their shadows over the world to-day. Italy has struck, Japan has struck, and Spain is experiencing the horrors of internecine strife. It is a grim outlook. Different ideologies are attempting to win converts by brute force. Fascism is the dominant force in many lands. We know that the violent words of Herr Hitler were supported by a tremendous increase in armaments in Germany. It seemed to anyone in London on that memorable day when the German chancellor delivered his speech that the question was one either of war or of peace. It would not have mattered greatly who had represented the British; he would have had to consider this cold and unpleasant reality—to be or not to be? That was the question. It would be presumptuous on my part to pass judgment on what happened at Munich. I

was in England at the time, and there was both praise and criticism of the Munich pact. The dramatic events which succeeded each other in quick succession are now history. The consequence of the decisions reached by Chamberlain, Bonnet, Hitler and Mussolini will have tremendous results in the destiny of Europe. Our international relations seem to be confused. Our conscience is shocked by reports in newspapers from day to day. The Spanish situation makes us wonder how it will all end. Statements in the press, on the radio or in reviews perplex and confuse us; so we may well pray for guidance in our deliberations.

Has Munich merely postponed the evil day for a day more terrible? What a terrible state of affairs! Look at China; here is the *Daily Telegraph's* Supplement of June 27, 1938, on China. What does it say?

Ruin and terror in China!

Bombing has maimed and killed thousands, destroying homes and industries.

Burning has wiped out towns, villages, crops and stocks.

Floods have engulfed immense areas of fertile land.

Famine is transforming China's peaceful folk into wandering terror-stricken refugees.

The same applies to Spain. Public indignation in a democracy changes the course of events, sometimes for the worse. It is possible that the public indignation which caused the resignation of Sir Samuel Hoare at the time of the Hoare-Laval plan was primarily responsible for Italy joining Germany.

Timidity and lack of knowledge and foresight have done much in the past few years to allow a handful of men to paralyze whole nations, but we must not despair. We must learn to draw from misfortune the means of future strength. It is the hour, not for despair but for courage, remembering that justice is as important as peace.

The greatest wastage in Canada to-day is the wastage of our youth. The government should give a lead in defining democracy; should tell us plainly what the benefits of democracy are, and should help our young people by means of scholarships or in other ways to become leaders. Democracy can survive only if men and women know what it means. Democracy should work so that our young people will be enthusiastic in its cause.

Regarding the subject of democracy I will take a quotation from Constructive Democracy. Here is a piece by the Marquess of Lothian:

But the weakness of liberal democracy has been—

And this applies also to Canadian Liberalism.

—that it has not hitherto been able to establish economic liberty or equality. It gives liberty to those who can command property or credit to initiate and conduct economic enterprise. But it does not yet give liberty to the man without capital. It is not liberty to be free to look for a job when there is no job to be found. And it is not equality to have access to the multitudinous goods which capitalism puts in the shop window when, through no fault of your own, you have no money in your pocket with which to buy them.

And what of the new Canadians in our land? Our ancestors came from nearly every European country. We have in Canada over 600,000 citizens of Ukranian descent, and they are asking us to take an interest in them. During the past twenty years the Ukrainians have been struggling to establish once more in the Ukraine a motherland which could be called their own. They enjoy democracy and would uphold it in this country. It seems to be the dream of every Ukrainian that they have in Europe a free Ukraine as their motherland. In general they have remained a democratic nation and continue to believe in the liberties of democracy.

I have received several communications from friends of the Ukrainian people, and they are desirous that an impartial Ukrainian viewpoint concerning Ukrainian problems in Europe be given. I have before me a declaration from Ukrainian Canadians and friends regarding the Ukraine. In publishing this declaration the committee hopes, first: to stop false representations of the Ukrainian cause to international opinion as sponsored by some foreign influences, and, second, to provide true information to the British authorities and thus enable the British Empire to take part in a settlement of the Ukrainian question on behalf of her citizens in Canada. This is the declaration of Ukrainian Canadians and friends regarding the Ukraine:

The grave danger to world peace during the European crisis which resulted from internal minority problems in Czechoslovakia, has shown clearly to the powers of Europe, as well as to the rest of the world, that minority problems within the artificial boundaries of post-war European states composed of several nationalities are dangerous sources of strife and are productive of great international conflicts. At this moment, we, the British citizens of Ukrainian origin, enjoying the privileges of free government, feel that it is our supreme duty to raise our voice in the interests of world peace, the British Empire, and a just and permanent solution of the Ukrainian problem. That problem involves the largest subjugated nationality in Europe of to-day. We are supported also by Canadian citizens who, though not of Ukrainian nationality, are friends of Ukrainian liberation.

The Ukrainian problem concerns the vital interests of over forty millions of Ukrainian people, a number equal to the population of France or Italy, who inhabit a solid area of more than one million square kilometers between the Carpathian and the Caucasus mountains in a great arc north of the Black sea.

This entire territory and its people with state traditions dating from 862 A.D. were again united into one sovereign Ukrainian state by the act of January 22nd, 1919, on the basis of the Wilsonian principle of self-determination.

Blockaded and attacked from the north by soviet red armies, from the east by the monarchist Russian armies of Generals Denikin and Wrangel, from the west by Poland, and from the south by the armies of Roumania, this newly created power in eastern Europe for three years without support from the great allied powers heroically endeavoured to defend its borders from these enemies and at the same time to check the waves of Russian communism threatening western Europe. However, under the weight of simultaneous and successive blows of overwhelmingly greater armies, and burdened with the outbreak of a deadly typhoid epidemic, Ukraine finally collapsed before it was able to exert its stabilizing effect upon post-war Europe. This rich Ukrainian state, so important economically and strategically, was nevertheless partitioned, its people degraded to the level of "minorities" and divided between the nationally-mixed powers, Czechoslovakia, Roumania, Poland and the Soviet Union. By incorporating considerable parts of the Ukrainian territory and population within their political boundaries, all these states from the very beginning of their existence after the great war and the Russian revolution, became the breeding grounds of dangerous national struggles, oppressions, hatreds and fears, as well as potential sources of a new world war.

During the past twenty years the Ukrainian people, under the four occupant powers have experienced various degrees of cultural, religious, economic and particularly political oppression, including mass pacifications, and famine policies. Not the least of the grievances was the fact that this great nation was deprived, through censorship, suppression, and terrorism, of an opportunity to speak freely of its cause in the international forum.

It is for this reason that we, the citizens of Ukrainian origin in the free British Empire, together with the friends of the Ukrainian people in Canada, are moved on behalf of the Ukrainian nation in Europe, to draw to the attention of the British government and other world powers the following points concerning the Ukrainian problem:

1. In the interest of the balance of power and of a lasting peace in Europe the creation of the Ukrainian sovereign state in the spirit of the acts of January 22nd, 1919, embracing all ethnographically Ukrainian territories, is a historic necessity of wide international significance.

2. The Ukrainian territories now within the political boundaries of Czechoslovakia, Roumania, Poland and the Soviet Union, must be regarded and dealt with, not as separate minority problems in each case, but as integral parts of the Ukrainian cause as a whole.

3. To avoid further complications similar to that of the recent European crisis arising from the minority problems of Cechoslovakia, we strongly urge and earnestly request the great powers, signatories of the Munich pact, to appoint without delay an international commission for the final settlement of the Ukrainian problem in Europe.

[Mr. Hayhurst.]

Mr. Speaker, we are a country of many races. His Excellency the Governor General in a speech at Halifax said:

> The strongest peoples have always been a mingling of races . . . but they are only strong if that mingling is conducted in the proper way. And that proper way is that each accepts and appreciates the qualities of the other.

I shall close my remarks, Mr. Speaker, by quoting a few lines from Shakespeare's King Lear:

> If that the heavens do not their visible spirits
> Send quickly down to tame these vile offences,
> It will come,
> Humanity must perforce prey on itself,
> Like monsters of the deep.

Mr. PIERRE GAUTHIER (Portneuf) (Translation): Mr. Speaker, at the outset, I wish to tender my congratulations to the hon. member who has moved and to the hon. member who has seconded the address in reply to the speech from the throne. I can add nothing to the praise given to them for the manner in which they have fulfilled their task, for no word of mine would add anything to their merit.

During the few years which have elapsed since I was returned as a federal member, it has been my wish that some day, in order that we might enjoy all the better the wonderful speeches delivered in this house, the government, on the recommendation of Mr. Speaker, would provide loud speakers, which would allow those who, like myself, occupy seats in the far corners of the house, to hear better, and to take a more comprehensive view of, the statements of national import made by our legislators. I shall bring up the matter again later on and insist upon it until we succeed in securing that improvement which may seem more or less necessary, but the importance of which is unquestionable.

It is a pleasure for me, Mr. Speaker, to see you presiding again over the debates of this house. The sound judgment which marks your rulings is a great comfort to those who take part in the discussions. May you long remain in the position you occupy; your presence ensures the smooth working of the parliamentary machinery.

I would be remiss in my duty, and my electors, both men and women, would upbraid me if I did not thank publicly the leader of this government (Mr. Mackenzie King) for the sympathy he extended to my constituency on the occasion of the unprecedented disaster which occurred during the night of August 31 to September 1 of last year and which caused such great hardships. The torrential rain which had swollen the Portneuf

river had scarcely stopped when we learned that eight human lives had been lost within a radius of about one mile. Two Canadian Pacific Railway employees trapped inside their engine, a mother with her five children swept away by the river which had become a raging torrent; bridges wrecked as if they had been so many toys; dwellings engulfed and carried away like houses of cards, such was the havoc wrought during a single night in the parish of Portneuf. In spite of his heavy duties, the Prime Minister sent us his sympathies that very same night. The people were greatly moved by this splendid gesture of his, and sufferers seemed to regain their spirit.

The government, through the Minister of Public Works (Mr. Cardin), who came quite unobtrusively to survey the extent of the losses, extended its help to the stricken municipality.

The necessary work is now practically completed and the thanks which I am now extending to the government are well deserved. The action of the Minister of Public Works was very much appreciated by the people. To him also I tender my heartfelt thanks.

I also wish to thank the right hon. the Minister of Justice (Mr. Lapointe) for the deep sympathy he has shown, upon his return from Europe, to the sorely tried population of my constituency.

The forthcoming visit of their British majesties to Canada has been, for the last few months, the main topic in the press and among the public men and the whole population of the country. Naturally, our interest is awakened and our curiosity aroused when we realize that the rulers who will be welcomed in this country are the king and queen of Canada, visiting for the first time one of the countries freely associated in the British commonwealth of nations. This democratic gesture does great credit to their majesties; and following the visit of the President of the United States, it is of exceptional significance for the great democracies, and in view of the recent renewal of trade relations, it augurs well for a much more reassuring future and for the realization of a victorious union in the struggle for supremacy between the different nations of the world.

When, from aboard ship, their majesties shall cast their eyes on the Canadian shores, they shall still see the British ensign flying on ships masts and on the house tops the colours of Britain and France as well as those of the head of the Catholic church in the world. However, during their stay in Canada, they will live among a people without a flag. And yet we are a proud people! More than ever, we realize our national responsibilities, we have confidence in our vast resources which, properly used, are such as to make our country entitled to a voice among the nations. However, we Canadians are still without a truly distinctive Canadian flag. I doubt if within the next few weeks to elapse before the arrival of their majesties, we shall have time to reach unanimity of opinion on this matter, in order that we might unfurl a flag which will announce from afar that one is nearing Canada, a truly independent and free nation. We have a long way to go before we are taken seriously and our statements are acknowledged. A flag is only a piece of cloth for the materially minded, but recalls the history of a nation for those who realize all that it stands for.

Although the speech from the throne was severely criticized by some hon. members who saw nothing in it, it contains, however, some very interesting and highly important statements, for instance the government recognizes the necessity of increasing the expenditures for national defence, in view of the world conditions, as well as the need of giving increased attention to the unemployment problem of the country. The assistance given to the youth of the country, worried over the future, shows that the government is determined not to neglect an issue of such importance to our young country. I am greatly concerned by that very consideration which I view from a particular standpoint.

The duty of the government is primarily to provide for those who were born in this country and for those also who, foreign-born, have chosen this country as their land of adoption. Let us hope each and every one of the latter group shall always place the Canadian point of view before any other, and that both these groups of Canadian citizens, in a close and durable unity of purpose, shall help public authorities to improve the economic conditions. Such as have cast a longing look upon our country as the promised land for those who suffer persecution elsewhere, must understand that notwithstanding our spontaneous disapproval of methods which an exaggerated nationalism has inspired, and our deep sympathy for their cause, at the same time, if some of our people can successfully take care of themselves, others must depend on state assistance until better days.

The youth of this country cannot and must not accept any immigration policy tending only, in final analysis, to aggravate their own difficulties. It is not to be wondered at if they have taken the lead in an important movement which can no longer be ignored, which has been rapidly gaining momentum and

promises to last indefinitely should we fail to meet their demands. The statement made by the Secretary of State in Montreal last Friday has caused great rejoicing among the younger people. With your permission, Mr Speaker, I shall quote an article published in *Le Canada* on January 23rd:

Hon. Mr. Rinfret and Immigration.

Commonsense has inspired the federal government's decision not to loosen the restrictions on immigration from Europe. Moreover, it is in accordance with public opinion in the whole country. Hon. Mr. Rinfret, Secretary of State, in the speech which he recently made in Montreal, very ably described the situation in which we find ourselves at the moment.

The minister states:

While we deeply deplore the fate of foreign refugees, particularly of those coming from Germany, our sympathy remains with the people of Canada. We are aware that many of our people are unemployed and that certain elements are not easily assimilated to the French and English population of Canada. And the dominion government has come to the decision, while sympathizing with the foreigners, that the existing statutory restrictions on immigration should be maintained. The dominion has no intention of curtailing present restrictions, so long at least as we still have to cope with unemployment in this country.

The editor of *Le Canada* goes on:

No doubt the systematic persecution endured by the Jewish race in Germany and Austria is bound to move us to pity, but precisely, the dominion government does not want this problem to grow into a question of sentiment. Both wisdom and properly understood charity require the government to look first after the well-being of our Canadian population.

The attitude of the government would undoubtedly be altogether different if they could get the assurance that all those who desire to enter Canada could settle on the land and earn a living, but such is not the case. In his remarkable book, *Canadian Mosaic*, Mr. John Murray Gibbon has noted that the flow of Jewish immigration which made its way to Canada around the year 1880 headed chiefly for Montreal and Toronto where they built up the garment industry. The same thing would happen again to-day and we know that neither of these two cities, affected as they are by unemployment, are prepared to receive additional workmen.

According to the census of 1931, out of 156,000 Hebrews settled in Canada, 794 only were farmers. The greater number were employed in the textile industry.

I endorse the views voiced in this editorial and, on behalf of the youth of my province, I wish to thank the hon. member for St. James (Mr. Rinfret) for having dispelled the uncertainty which had been brought into their mind by certain newspapers striving too eagerly for the success of a political party on which they are founding their hopes. I have already stated that I wanted no race in particular to be ostracized. Each one is entitled to a living in this Canada of ours; on the other hand, all nations have the right to choose their new citizens, even if radio addresses are broadcast from overseas, even if committees are being set up in our country in order to prove that Canada, in the words of Dr. Wallace, principal of Queen's university, in Kingston:

A free and broadminded country, a country that needs more population, has the privilege to show in a practical way that it thoroughly understands the needs of a suffering people. We must not neglect this opportunity.

Had the distinguished doctor lived a century ago he would not have to join such a movement to know whether Canadians can understand the needs of a suffering people; he would realize that sufferings of others need not be added to our own difficulties.

People ostracized by Germany will have the sympathy of all. We have in our midst hundreds of thousands of citizens of Jewish origin. Would it be in their own interest and would it be practical for them to add to that present considerable number thousands of their brothers? We all agree that agriculture has no inducements for them. And is there one Canadian citizen who could reasonably believe that the greatest need in Canada is not more man-power on the farms?

Before accepting further immigration, whichever it may be, let us lead our own people towards lands which would be productive, but for the lack of settlers. The youth training plan is an excellent idea; it should be multiplied fivefold and constitute the chief concern of our governments. The problem of our youth is far more important than any other now before us. Should we fail to solve it we shall have to resign ourselves either to perish economically or to await the leadership of others more bold and concerned with the famous equal distribution of citizens owing the same allegiance in the different colonies which they inhabit.

Our young people must not be let down. They are ever ready to follow whomever will undertake to lead them out of their distressful state. This government has made a good start. Let them continue in spite of all criticism; the people will be grateful to them.

A second interesting point in the speech from the throne is the government's declared intention actively to pursue the execution of its national defence program. I have already expressed my opinion on this question, saying among other things this: A country of 10,000,000 people stimulated by the fever of war, by enthusiasm for the empire, can raise in a few months a considerable army. Public men categorically opposed to participation in

foreign wars did vote for the sending of troops to the empire's assistance. Circumstances and events proved stronger than men's wills and Canada did take part in a foreign war.

My opinion has not changed. It has not changed, because the circumstances and events to which I was referring will occur again.

We all know about those press campaigns carefully carried out all over the country, those series of speeches having an effect similar to that of the drop of water regularly falling upon the rock, those manoeuvres conducted in different parts of the country with the certitude that politicians, whose election was brought about by the display of posters showing the piled up corpses from wrecked battleships upon a rocky shore will afterwards take refuge among people known as rabid supporters of participation in all the wars of the empire. Such a campaign as we all know, gradually brings the people to such a frame of mind that they finally accept as a necessity something of which they nevertheless disapprove; all such concerted action will bring about a repetition of events which the true dictator, gold, multiplies seemingly as it likes, and it leads to circumstances which men fail to understand and to which they fall easy preys.

No one entertains any doubt about the necessity of national defence; not even he who now has the floor. To my knowledge, no hon. member from this side of the house questions the sincerity of the clear cut statements made by the leader of the government and his ministers, concerning participation in foreign wars. Those who look at things from a Canadian standpoint only—and it is the one which must be considered—are delighted with his firm stand, frankly and admirably Canadian. That stand will, I believe, be the objective of a campaign, already under way, and not unlike the one waged from 1910 to 1914. There seems to be in Canada, a keener and more deeply rooted public opinion. I heartily wish that such may be the case, for it will then be a harder task, to-morrow, to oust the successor to the Canadian we lost in 1919. Democracy in danger; the empire in danger—for certain sections of the country; the frustrated rights of the provinces—for some other sections; the revamped nationalist doctrine; everything will be used to discredit the man who places Canadian patriotism above everything else.

First, he must be dismissed from the scene, and then we shall witness the repetition of what occurred in 1911, 1914 and 1917. I had that picture in mind when the military estimates were first discussed, and it is now even more vivid and enlarged. When the armaments mongers, having disposed of their abominable wares through a war, shall feel like taking a rest, a new crisis will engulf the whole world and Canada, in common with the other countries, will suffer from the flood of unemployed workers from the war industries thrown back into the ranks of those who will not have been able to find employment elsewhere, and the whole game will start all over again.

The whole world is arming, one might say. Unfortunately, such is the excuse offered by those who live from the blood shed during war times and that excuse has found an echo in many quarters.

I have declined, and still decline to be a party to such a farce meant to draw one's attention away from the world wide tragedy. I prefer to devote myself to other activities and to spend my life in bettering the economic life of my country. I stand for Canada above all, for Canada alone, and for Canada forever.

Mr. W. A. WALSH (Mount Royal) (Translation): Mr. Speaker, I shall first congratulate my hon. friend the member for Portneuf (Mr. Gauthier). I can not approve of all his opinions, but he has stated his views to this house in a splendid speech.

(Text) Mr. Speaker, I wish I could go farther in that language without making too many grammatical errors.

Mr. LAPOINTE (Quebec East): That is pretty good.

Mr. WALSH: If I had been placed on a platform in my constituency I would not hesitate to reply in as good French as I could command to many of the arguments of my good friend the hon. member for Portneuf (Mr. Gauthier).

I should like with other hon. members to offer my sincere congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address, and particularly to the seconder, who spoke so easily in both French and English, and set an example for every Canadian citizen. I should like, too, to extend my congratulations to the new members of the house. Naturally I regret the reason which brought them here, but I am pleased to see that those who have left us apparently have been replaced to good advantage. I hope the new members will soon fit into the atmosphere of the House of Commons and will discharge their duties to the advantage of their constituencies, and to the country in general.

May I take this opportunity to extend my congratulations to the hon. members who have recently been elevated to the rank of privy councillors. It is gratifying to sit in the house and see one or another of those with whom one has been associating in the ordinary walks of life selected by their political leader for preferment and advancement within their own party. If one may judge from the names and constituencies, it would seem that the Macs have something which some of the rest of us have not, and that a constituency with the suffix "west" may win the favour of a considerable number of people. Entering the house this afternoon I noticed a floral display on the desk of the hon. member for Bruce (Mr. Tomlinson). In passing may I congratulate him upon having attained another milestone in life, and may I wish him much joy and happiness as he goes from one milestone to another.

With your permission, Mr. Speaker, may I digress briefly. During the course of the last session there was a somewhat heated debate on a subject centring around the city of Kingston. During the course of that debate I was interrupted by the hon. member for Northumberland, Ontario (Mr. Fraser), and in a rather heated reply I used words which might very well be construed as casting a reflection upon his character and reputation. I went to him personally and apologized, and have awaited an opportunity to do so publicly. This is the first opportunity, and may I say here and now that any unworthy ideas or suggestions which could be woven into those words were not intended to be there. I hold the hon. member for Northumberland in the highest esteem and regard, and I believe I do so in common with every hon. member of the house.

It is noticeable that times and conditions of Canada are not good. When times were good and conditions seemed to be improving there was no one on the government side unwilling to take the credit for such improvement. We heard of it in 1937; we heard in 1938 how conditions were improving—and, of course, we were told that conditions were improving only and solely because there was a Liberal government in power in Ottawa. But conditions are not so good to-day. That fact is recognized in the utterances of the Prime Minister (Mr. Mackenzie King), the Minister of Labour (Mr. Rogers), the Minister of Agriculture (Mr. Gardiner) and all other hon. members who have taken part in the debate. If the government wishes to take credit in the good years it must of necessity take discredit in the lean years, and must not be content to refer to world conditions and suggest that they, as a government, have no responsibility for conditions prevailing in Canada to-day.

If we examine the records of our exports and imports, my reference will be apparent. In 1936 exports were valued at $1,015,000,000; in 1937, $1,110,000,000, and in 1938, $913,000,000, a considerable drop. They still continue to drop, and I have no doubt the report in March, 1939, will not be pleasing to the citizens of Canada. Imports have shown a like tendency. I shall not quote the figures; they speak for themselves and they are already on record. I have noted, too, that revenue returns showed a marked increase in 1936, again in 1937 and again in the fiscal year ended March 31, 1938. If we examine the figures for the year which will end on March 31, 1939, we shall notice that, to the disadvantage of hon. members on the treasury benches, revenues are showing a decided drop. May I point out in passing that this drop is not noticeable, so far as direct taxation on business and industry is concerned. That branch of taxation shows a revenue increase of $20,000,000 to the government. These figures serve to show that despite times which are not good, $20,000,000 more than in previous years has been extracted from business and industry, and it means too, that there is left in business that much less money with which to keep the wheels of industry turning. A government should endeavour to leave in business and industry as much money as possible, because it is that money which keeps industry busy and people employed. But apparently it is the ambition of this government to extract from all sources as much revenue as possible in order to have more money to spend.

I also draw attention to the construction figures for Canada, in order to emphasize the conditions which prevail in this country; and seeing that we were forced to agree last year that conditions were good, and the government claimed credit for that, this year, when conditions are bad, it is only fair to impute the blame to the government. As a further proof of our business recession during the past year I quote the 1937 construction figures, which stood at $304,000,000; in 1938 that figure had dropped to $274,000,000. I call the attention of the house to the paragraph in the speech from the throne in 1938, in which the government says:

> It is gratifying to note that, during the past year, there has been a further substantial advance in Canada's economic recovery. Revenues have reached new levels. Trade with other countries has materially expanded.

There is no such reference in the speech from the throne this year. It is noticeable by its absence; it is absent because times and conditions are not good, and therefore they could not be referred to in the glowing terms which this government liked to use with reference to what had taken place previously, and for which they endeavoured in the past to take credit.

It seems to me that every time there is a discussion of a United States trade agreement it is a bad omen for this country. Conditions in Canada immediately begin to get worse, as we shall notice if we study the trade figures. The benefits that we derived from the empire trade agreements of 1932 have often been emphasized in this house, and those benefits are obvious from the trade figures. But while our trade agreement of 1936 with the United States was followed at first by a substantial increase in trade with that country there was later a substantial decrease, and I want to assure the house from my study of our trade agreements with the United States that this will always be our experience. Our only safe and sure market is the market in Great Britain, the market of the empire, and the least sure market in which we deal at any time is the United States market; for surely that republic will take advantage of every opportunity to encourage trade on behalf of its own people, and we in Canada will suffer in consequence. I feel that this government has sold its birthright, the golden opportunity on which we were launched in 1932, and sold it for something that may look all right on the surface; but when the surface is scratched and we begin to experience the results of the agreement, after it has come into operation, we find that it is impossible for Canada to trade on an equitable basis with the great republic to the south.

In passing I want to lodge my protest against the manner in which this trade agreement was drawn up on behalf of Canada. In the United States they have a regulation that if any tariff items are to be changed or amended by a trade treaty, the industries affected must be advised and given an opportunity to present a brief or to make representations before final action is taken. But a similar situation does not prevail in this country. Our business men and industrialists are kept decidedly in the dark as to what is going on. The only thing they know about the treaty is after it has been signed and is beginning to affect their business, without their having had an opportunity to present their views or to register a protest against the provisions of the treaty. I shall not take further time on the trade treaty because we shall have an opportunity to discuss it at a later date. I hope that every member of this house will take an intelligent, Canada-wide point of view in discussing such an important piece of legislation.

Not only do I take this government to task for the condition in which Canada finds herself economically to-day, but I would suggest that the present administration has made absolutely no headway in reducing the expenditures of government. For example, ordinary expenditures in 1936 amounted to $372,000,000, whereas in 1938 they amounted to $414,000,000, and this increase took place despite a saving of several million dollars by a process of refunding. That does not show any economy in expenditure so far as this government is concerned. This government seems to be beset with the idea of raising revenues, collecting the money and increasing the expenditures of government, rather than decreasing the costs of government and leaving in the hands of the taxpayers some money by means of which business can carry on and prosper, and unemployment be made to shrink. I think of that item of ordinary expenditures increasing, and I think of the possibilities of extravagant expenditures being found in the estimates for the coming year. I think of many of what we call in ward politics, "pork-barrel" items, that might appear in the estimates this year, to increase still further this $414,000,000 of ordinary expenditures. I think, too, of the railway deficit of over $50,000,000, and of the outlay of over $60,000,000 incurred through fixing the price for wheat. There are other items to which I could make reference; but surely, Mr. Speaker, in view of the items I have cited and the conditions that prevail in this country, this government, despite the fact that this is most likely an election year, will devise ways and means of presenting to the house estimates that will show a decided shrinkage in the cost of government so far as the dominion is concerned. If this government would set an example in economy, I believe the provincial governments would follow suit, and I believe the municipal governments would follow the lead of the provincial governments. The result would be that we would have decreased costs of all our government services, and the Canadian people would have to pay less in taxation to their various governments.

There is one item to which I wish to make special reference to-night. I am sorry the Minister of Transport (Mr. Howe) is not in his seat. An item has appeared in the press indicating that the board of directors of the Canadian National Railways has authorized an expenditure of $12,600,000 for work on the terminal or tunnel station at Montreal. To

my mind this looks very much as though the Canadian National Railways was getting back into politics. We are in an election year, and here is the government getting the board of directors of the Canadian National Railways to make this expenditure of $12,600,000, spread over a period of four years.

Mr. DUPUIS: Is the hon. gentleman against it?

Mr. WALSH: I will make my position so abundantly clear before I finish my remarks that the hon. member for Chambly-Rouville (Mr. Dupuis) will quite appreciate the point I am making.

Mr. DUPUIS: That is no answer.

Mr. WALSH: I am making the suggestion that the Canadian National Railways is getting back into politics, and it is being forced into that position by this present government. The Secretary of State (Mr. Rinfret) during the St. Henry by-election made use of these words:

> The government of which I am a part will settle this problem of the Canadian National railway and the level crossings; we will fill the hole on Dorchester street and solve the problem of the approaches thereto.

In that he was supported by the Minister of Public Works (Mr. Cardin). I have heard in this house so frequently from the Minister of Transport (Mr. Howe) that the board of directors of the Canadian National Railways have been completely divorced from politics; that they are not under the control of the Minister of Transport; that they are not under the control of the government, but that they are an independent body conducting the affairs of that railroad as they would conduct a corporation of their own. Yet we have during the course of a by-election statements of this kind from responsible ministers of the crown in order, with the people's own money, to purchase their support during the course of the election. Now the money is being spent: $12,600,000 of it is being spent, and for no other purpose than to purchase the votes of the electors in and around Montreal, so that this government, which is discredited in other ways, can come back into office, purchasing their way into office on the strength of bringing the Canadian National Railways back actively into politics—which we tried to avoid in 1933.

Mr. DUPUIS: And filling holes left by the Tories.

Mr. STEWART: They did not make the hole.

Mr. WALSH: I ask the question seriously, and I ask the hon. member for Chambly-Rouville to give it serious consideration:

Has the Canadian National Railways got back into politics? Have we gone back to the conditions which prevailed prior to 1932? My answer is yes, and I support that answer by the suggestion that the very first act of this government was to change from a board of trustees to a board of directors. The warnings of the Duff commission were not in any way heeded by the present government. I read, on page 13 of the report of the royal commission to inquire into railways and transportation in Canada, words like these:

> Running through its administrative practices, however, has been the red thread of extravagance. The disciplinary check upon undue expenditure, inherent in private corporations because of their limited financial resources, has not been in evidence. Requisitions of the management have been endorsed by governments, and successive parliaments have voted money freely, if not lavishly.
>
> Within the railway organization there has been freedom in expenditure and encouragement in plans for expansion and extension of services which were inconsistent with prudent administrative practice. The administration failed to realize that this country, with the greatest railway mileage in the world in relation to population, could not afford further capital and maintenance expenditures for unwarranted branch lines, for de luxe services, for unrequired hotels, for the building of ships in competitive service to be shortly abandoned; and, generally, for costly adventures in competitive railways out of proportion to the needs of the country.

I would ask hon. members, Is it the intention of the government to go back on the recommendations of this report, or are they shoving the Canadian National Railways back again into politics? I warn the government that if they do so they will get exactly the results which were experienced in this country from 1920 to 1932, the experience that is warned against in this report, and this country will be brought into a financial condition where our bonds and other securities will not be of the value they were when this government came into office in 1935.

I want to ask the hon. member for Chambly-Rouville if he recalls an item in the Duff report bearing on cooperation. If there is one place in the world where these two railways can cooperate, it is in terminal facilities. Everyone, even the hon. member for Chambly-Rouville, knows that terminal facilities are not a paying proposition. Terminals are an expense, and if there is one place where railways can cooperate and where they do cooperate, it is in the matter of railway terminal facilities.

Mr. DUPUIS: May I be allowed to answer that question now?

Mr. SPEAKER: Order.

Mr. DUPUIS: The Minister of Transport said—

Mr. SPEAKER: Order.

Mr. WALSH: I want to continue.

Mr. DUPUIS: —the union station will be built there—

Mr. SPEAKER: Order.

Mr. WALSH: I am always willing to have anyone ask a question.

Mr. DUPUIS: The hon. member asked a question.

Mr. WALSH: But I do not want hon. members to make speeches at the expense of the few minutes I have left. I want to read from page 65 of the Duff report:

> We have emphasized the fact that a principal weakness of the past decade has been the failure of the railways to act together in their own interests and in the interests of the public. It is not enough that each should take all practicable measures of economy in respect of its own system. There must be joint action with a view to savings in the wider sphere.

I could go on to the next paragraph of that report, but time is short. I just wanted to use that to show hon. members that the Duff commission, after a careful study, presented a report urging cooperation, and that we in parliament at a later date, in 1933, in the Statutes of Canada 1932-33, chapter 33, sections 16 and 17, incorporated that principle, urging cooperation. I say again, and it cannot be repeated too often, that if there is one place in the whole system of these railways where cooperation could be effective without detriment to either railway and without any detriment to the people of this country, it is in railway terminals and terminal facilities. Yet this government are condoning the action of the directors of the Canadian National Railways in going ahead with this expenditure of $12,600,000. I ask this government, where does cooperation fit in with their railway policy? Have they any railway policy which is going to assist this country in curbing its $50,000,000 deficit? Do hon. members ever stop to appreciate the significance of that deficit? Practically one million dollars of our taxes is going every week to provide for the deficits of the Canadian National Railways. Yes despite that condition they are burdening the railway further with this terminal site expenditure of $12,600,000.

And that is not all, Mr. Speaker. I turn to the Palmer report. On page 9 you will find these figures, figures which show an estimated cost of $46,000,000. They have already spent $18,000,000; the balance left to complete the work is $28,000,000. The proposal is to spend $12,600,000 during the next four years. This leaves another $15,400,000 to be spent at a later date, most likely just before another election, if this government is able to buy its way back into power at the close of the present session of parliament.

Mr. MacNICOL: Money cannot save them.

Mr. WALSH: Bear in mind that these are only estimated figures; they are not final; if we have anything to go by in past estimates, government figures for government projected expenditures are very far beside the mark, and this balance of $15,000,000 which is left to be spent will doubtless be expanded to thirty or forty million dollars before that tunnel station is complete.

We have as an example of government estimating, the building of a harbour bridge in Montreal, where the estimate was $9,000,000 the final figure was $18,000,000. No doubt the tunnel station will fall into the same category. Why should there not be a union station in the city of Montreal? There are union stations at Halifax, Saint John, Quebec, Ottawa, Toronto, and other cities throughout Canada. That plan has been adopted in most of the large cities in the United States in order to save expense to the railways, and it has also been adopted in European countries. Why can we not adopt it in Canada? It would not be detrimental to either railway to have a union station in Montreal.

Again, would it not be wise definitely to settle the railway and transportation problem in Canada before launching upon such an extravagant expenditure for something that will possibly block the future as far as Montreal is concerned and prevent our ever having union station facilities for the railways and the public travelling in and out of Montreal?

I was going to suggest that if the government is doing this work as a relief measure there are many other relief measures that could be adopted in Montreal. There are many others that would bring greater glory to the city of Montreal than the filling of that hole by a tunnel station. The tunnel station work already done there could be used to advantage for the building of a civic centre, a road approach from Victoria bridge into that hole in the ground. It could be used as an entrance and exit for buses and a tram service to parts of Montreal, and the $18,000,000 would not be at all lost. I repeat, the work already done could be used to advantage. If it is really a relief measure, then I think of those huge buildings I have spoken of on another occasion, referred to as the university of Montreal. That project is unfinished, unused. An opportunity exists

there for a government to do a really useful piece of work for the general uplift of the whole community, because from that expenditure untold benefits could be derived through the establishment, in the way of a return on the money that might be spent, of scholarships that would enable our young men to attend that university from every point in Canada. Also young French-Canadians who cannot afford it at the present time could take advantage of further education in that institution. Money spent in that way would not be ill-spent.

Mr. DUPUIS: It was flatly refused by the previous administration.

Mr. WALSH: I am afraid that this government is so intent on politics that it forgets the ultimate good of Canada. Politics seems to be an obsession with this government. Why, they cannot even appoint returning officers without having politics as the predominant factor in their consideration. I had spoken to the Secretary of State about a returning officer in my division, a returning officer who was there in 1926. He was reappointed by the government in 1930 and in 1935. I had half a promise that he would be left there because he was a competent man, but he has been removed and in his place what name do I find? I find the name of the chief organizer of my Liberal opponent. He has been appointed returning officer for the constituency of Mount Royal, a position which is supposed to be held by an unbiassed public servant. I am given to understand that mine is only one example; very many others could be quoted along the same line.

There is only one other phase of government I should like to touch on in conclusion, and that is the condition we find in Canada on account of lack of cooperation on the part of this government. A complete lack of unity exists and is all too apparent. While visiting in Charlottetown I read on a tablet erected in confederation room these words:

> In the hearts and the minds of the delegates who assembled in this room on September 1, 1864, was born the Dominion of Canada. Providence being their guide, they builded better than they knew.

It has been left to a Liberal government practically to undo what the fathers of confederation have done. Just take a glance over the political map of Canada and you will readily see to what I have reference. This government is not on speaking terms with the government of Alberta—not through any fault of the Alberta government. Because they were not a government after the complexion of this administration, this administration refused to consider with the Alberta government the question of taking care of a loan that became due. It had, in my opinion, a political motive in view. That should never have been. No dominion government should allow any provincial government to fall down on the repayment of any loan secured from the public. This government says it was impossible to deal with the premier and the provincial treasurer of Alberta. I say that it was not only possible, but that it was the duty of this government to do so. It was the duty of this government to bring the premier and the treasurer of Alberta to Ottawa and to lock themselves in a room with those gentlemen and say, "We will go out of this room when this question is settled satisfactorily both to you and to ourselves." The province of Alberta had as much right to fair treatment from this government as any other provincial government in Canada. That was the beginning of a very sharp antagonism between the province of Alberta and the dominion government at present holding office.

Then we come to the older provinces of Ontario and Quebec. With regard to the present discord let me read a statement made by one of the ministers in the course of a speech. In supporting the Minister of Labour (Mr. Rogers), the Minister of Transport (Mr. Howe) said:

> I subscribe most heartily to everything which Mr. Rogers has stated with regard to the alliance which exists between Premiers Hepburn and Duplessis and also with regard to the altogether deplorable effort which has been made to bring about the retirement of Premier Mackenzie King as leader of the Liberal party —a move very clearly intended to establish a government at Ottawa which would be subject to the joint control of provincial administrations in Toronto and Quebec and which as such would constitute the very antithesis of responsible government under the accepted federal system. Subterfuge must be uncovered, selfishness must be blasted asunder. We must make our stand on the solid foundation of national unity.

Do words of that sort bring about national unity? I say that such words, the irresponsible utterances of responsible ministers, create a condition which it is impossible for this government to remedy. Unity in the Dominion of Canada will never again be a recognized fact as long as the present government holds office.

Mr. MacNICOL: It is only another year.

Mr. WALSH: I could go further in reading this, but the time is short. I was surprised at the bizarre utterances of these two ministers. It was a terrifying story that they had to tell at Port Arthur. These details of a conspiracy that they were going to unfold to a waiting public have not yet been told.

If we read such a story from Germany or Italy we would think something sinister was taking place. These responsible ministers speak of a conspiracy in this country; do they understand the terms they are using? Do they understand that national unity can never be brought about in this country by responsible ministers of the crown making such bizarre utterances? I verily thought that the days of Guy Fawkes had returned and that we had better place additional guards in the corridors and cellars of these parliament buildings to protect ourselves and even the members of this government from what might happen in the course of this conspiracy as it was being hatched. Both of these ministers have already spoken in this debate; yet we have had no unfolding of the details of this conspiracy. It is rather a bold charge. Subterfuge must be uncovered, they say; selfishness must be blasted asunder, intrigue and conspiracy must cease to flourish; yet they have given us no details. I think hon. members should demand an explanation. Men occupying high public office have had their names connected with such sinister expressions; yet we have had no explanation either in this house or in public. They go further, suggesting that the premier of Ontario and the premier of Quebec might even be conspiring with the leader of this party to get rid of this government. That is going rather too far. The object is a worthy one, but I am sure that these two premiers are not at the present time in any conspiracy with the leader of the Conservative party here to overthrow the present government by the means suggested by the two ministers. Certainly the leader of the opposition (Mr. Manion) is anxious to overthrow the present government, by constitutional means—

Mr. SPEAKER: Order. I am sorry to have to interrupt the hon. member, but his time is exhausted.

Mr. WALSH: I just want to finish one thing.

An hon. MEMBER: Let him finish.

Mr. SPEAKER: By unanimous consent of the house.

Mr. WALSH: Surely the leader of the opposition cannot be drawn into a conspiracy to get rid of the present government. To get rid of it is his duty; he is paid to do that work, but he is going to do it by educating and enlightening the public, not by associating himself with people who enter into conspiracies. It reminds me very much of the condition we had in Quebec prior to 1936, when the Taschereau government had outlived its usefulness. During the last two or three years of their existence, whenever any criticism was directed against them they haughtily suggested that the province of Quebec was being assailed. There was some indication of that attitude in the speech of the Prime Minister (Mr. Mackenzie King); he took us to task for not going from one end of Canada to the other to tell what this government had done for the people of Canada, which he said it was our duty to do. Although we criticize the government we are no less loyal to Canada than is the Prime Minister. We shall continue to criticize, believing that we are acting in the best interests of the people of Canada; we are trying to stir up this government to solve at least some of the major problems with which Canada is confronted.

In conclusion I agree with the statement of the premier of Ontario when he said:

> I am very optimistic with regard to Ontario, but I am most pessimistic over the condition in which we find the affairs of the dominion.

And further:

> I would suggest that Mr. King lift the blinds of his summer retreat at Kingsmere, peek out, and then go back and hibernate again. It strikes me that's about all he has been doing the last four years, and he might as well continue.

On this side of the house we are in hearty agreement with those sentiments, although we cannot always agree with the person who gave utterance to them.

Mr. H. E. BRUNELLE (Champlain): Mr. Speaker, I agree with the several hon. members who have so justly praised the mover (Mr. Matthews) and seconder (Mr. Chevrier) of the address in reply to the speech from the throne. Also I congratulate the hon. member for Essex West (Mr. McLarty) and the hon. member for Edmonton West (Mr. MacKinnon) for their recent appointment as ministers of the crown. It is also a pleasant duty to felicitate the leader of the opposition (Mr. Manion) upon the honour which was conferred on him when he was chosen as leader of the Conservative party and leader of the opposition. I wish him courage and patience.

Before I came to Ottawa for this session I heard a great many contradictory comments about the leader of the opposition. I even heard it said that he is a self-made man. Of course I reserved my judgment. But when I listened to his speech last week and saw the rather rude way in which he was treating the Prime Minister (Mr. Mackenzie King), who is usually so kind and considerate of his political opponents, I did form my opinion; I came to the conclusion that the leader of the opposition is a self-made man, and thus Providence

escaped a great responsibility. Many hon. members of this chamber knew him and sat with him in this house in previous sessions. It was therefore particularly interesting for a new member like myself to listen to the three-hour speech that he made at the beginning of last week. I dare say new members could not help thinking that he is capable of saying a great many things. I expected in the first place that he would refer to the different reforms which he wishes to bring about in this country. I expected also that he would make a new declaration as to immigration, those fifty or seventy-five million people whom he wishes to bring to this country, as stated by himself at the meeting which he held in Toronto in July shortly after he was chosen as leader of the Conservative party. Let me read the report which I saw in *Le Devoir* of July 22, shortly after that meeting:

R. J. Manion in favour of immigration.

There is room in this country, he said, for 50 to 75 million people. If we adopt a wise immigration policy, there is no limit to the future development of the Canadian nation.

That statement, of course, was quite consistent with the program—

Mr. MANION: I do not wish to interrupt the hon. member, but neither do I wish to be misrepresented. I have not advocated the bringing of immigrants into this country, during the past eight or nine years, at any place or at any time, and if any newspaper states that I have done so it is telling a falsehood.

Mr. BRUNELLE: Well, Mr. Speaker, the report I just read from *Le Devoir* apparently came from the Canadian Press. The leader of the opposition should not blame me for reading the newspapers as they are; he should blame the newspapers for publishing what he said instead of what he meant.

Mr. MANION: I rise to a point of order. After I have made a statement of fact that hon. gentleman has no right to imply that I am telling a falsehood. That is what he is suggesting by the remark he just made, and I object to any implication of that sort. I know it has been stated in the province of Quebec, in some of the newspapers, that I advocated immigration, and a man there named Bouchard has stated many falsehoods about me in that connection. I want to say again that I have never, at any time since the depression of 1929, advocated bringing in immigrants. Before that we all did.

Mr. SPEAKER: I think the hon. member should take the word of the leader of the opposition when he states that he did not advocate that policy.

[Mr. Brunelle.]

Mr. BRUNELLE: I will take the word of the leader of the opposition, but I must read the newspapers as I find them, and this news was supplied by the Canadian Press. Later, in the city of Quebec, it seems that the hon. gentleman changed his mind, at least again according to the newspapers. There he stated that he was opposed to immigration. For his satisfaction allow me to read a passage from *Le Nouvelliste,* of Three Rivers:

Dr. Manion, the leader of the Conservative party, declared last night his categorical opposition to the admission of immigrants to this country when there are so many unemployed Canadians.

I hope the hon. member will accept that.

Mr. MANION: Yes, I accept that fully.

Mr. DUPUIS: In Quebec only?

Mr. MANION: No, the attitude is the same everywhere.

Mr. BRUNELLE: According to what I read in the newspapers it would seem that the leader of the opposition is quite in accord with the principles of that southern politician, to which he referred the other day in these words: "Them's my principles, but if you don't like them I can change them." The fact is that the Conservative party is pledged to a policy of immigration. Allow me to read from the platform of the Conservative party, adopted at the convention held last July in the city of Toronto:

In order to ensure a continuance of the British connection and Canadian participation in the benefits that accrue from membership in the British commonwealth of nations and the economic welfare and safety of Canada, this party recognizes the immediate necessity of our government's approaching the government of the United Kingdom and discussing and deciding upon a policy for the selected migration of British families from Great Britain and Ireland under a carefully prepared plan whereby ample and proper provision will be made for British finance and supervision and the return of families found unable to fit into the national and economic life of Canada; and be it further understood that similar advantages be extended to France.

To confirm this view the right hon. member for Calgary West (Mr. Bennett), at a banquet tendered to him in the city of Toronto on the 16th of this month, declared:

It is urgent that Canada's gates be opened to immigrants. . . . Canada should welcome newcomers to help develop the raw materials possessed here in such abundance.

The leader of the Conservative party in the senate also was present and apparently gave his blessing to that statement. When the platform of the Conservative party is in favour of a policy of immigration; when all

the leaders of the Conservative party state that they are in favour of a policy of immigration—

Mr. MANION: Except the leader himself.

Mr. BRUNELLE: Except the leader himself—it makes it hard for the people to understand the position.

Mr. MANION: Perhaps that might be cleared up. I am the leader of the Conservative party.

Mr. BRUNELLE: Was the choice of the new leader of the Conservatives a success? Was the Conservative platform adopted last July a success? Probably the hon. member for Argenteuil (Mr. Heon) could tell us something very interesting if he cared to speak his mind. Be that as it may, however, let me read what was written by a writer in Toronto *Saturday Night* who signs himself "Rideau Bank," and who is well known to have Conservative tendencies, with regard to the new platform of the party now led by the hon. member for London.

Mr. WALSH: If I might ask the hon. member a question, from whom did he get his information that "Rideau Bank" was a known Conservative?

Mr. BRUNELLE: Well, it is sufficient that I should state it.

Mr. WALSH: I may inform the hon. gentleman that he is not.

Some hon. MEMBERS: Order.

Mr. BRUNELLE: I quote:

> It is permissible to suggest that the conclave of federal Toryism just ended heralds the decline of a once great party to the status now occupied by Liberalism in Great Britain. This view is based less upon the selection of Dr. Manion as a leader, than it is upon the almost incredibly weak and innocuous program which the master minds of the party drafted as a platform. The chief defect of the new platform is its failure to express any definite political philosophy . . . the strategy of course, is to avoid having a definite platform which will invite attack, and to win on the mistakes that the Liberal government may be expected to make. In other words, the game which the Conservative convention played politically was the old game of "Ins" vs. "Outs."

Speaking for my constituents, sir, I say I am opposed to immigration. Let our abundant raw materials be developed and exploited by our own Canadians who are now without work. I congratulate the government upon not allowing the entry of immigrants into Canada. I congratulate the Secretary of State (Mr. Rinfret) upon the statement he made recently in the city of Montreal, to the effect that the government was not in favour of amending the restrictions in regard to immigration. I want to be placed on record as one who objects strongly to the entry of Jews, en masse or otherwise, into our country. I hasten to say that I have no brief against the Hebrew race; but since through all the ages they have been the cause, justly or unjustly, of great difficulties in various countries, I say we must take care. History repeats itself. I have deep sympathy for the Jews who are now being persecuted in certain countries of Europe; I think their situation is deplorable; but at the present time in our own country we have thousands of fellow citizens whose situation is also deplorable, and I believe that charity begins at home. I do not want one job in Canada to be taken by an immigrant, be he a Jew or otherwise, so long as we must spend money for relief. It is known by all hon. members that for the most part Jews inhabit only the cities and towns. If they are admitted they will either find jobs or be thrown on relief. We have at present too many people on relief, and if there are jobs available they should be given to our fellow citizens. I dislike reading press reports to the effect that the government in London or some English societies wish to assist the Jews by sending them to the colonies—and in that statement they include Canada. May I point out that we are not a colony. To preach charity and generosity, and then to practise those virtues at the expense of someone else is not a worthy procedure.

I now approach a more pleasant subject. May I congratulate the Prime Minister (Mr. Mackenzie King) upon the treaty with the United States he signed in 1935, and upon the one signed more recently. A greater trade within Canada and a greater exchange of goods with other nations will help to solve unemployment. At the risk of repeating what other members have said, I would point out that the exchange of goods between nations will help primary and secondary producers and will give more employment to a greater number of people. New industries will establish themselves in Canada, as it becomes known that their products can be exported to other countries. It is in great part on account of the fiscal and commercial policy of this government that a new industry called International Foils has erected a large plant in my native city of Cap de la Madeleine. The entire production of the plant is to be exported. Could that industry have established itself in Canada if there had been no exportation facilities or the possibility of exchanging its products for other articles which Canadians require?

The problem of unemployment will be at least partly solved if we have a sufficient

number of new industries in Canada. Another partial solution lies in the exploitation of our natural resources, the greatest of which is agriculture. There is plenty of unbroken land awaiting cultivation and occupation. Let the provincial governments, which control colonization, undertake a serious back-to-the-land movement. Let them pay the unemployed to improve our unbroken lands and thereby make them attractive, remunerative and suitable for settlers. Large areas of partly improved land are to be found in several of the older and more settled districts. Those lands are lying idle and unproductive, despite the fact that there are highways, railways, schools and churches to be used by settlers who would need only a little assistance for purposes of exploitation. I feel so certain that a real back-to-the-land movement is urgent that I never miss an opportunity to speak about it.

The fact that I prepared this speech on the train may have directed my thoughts to the situation as regards railway station accommodation in the city of Montreal. I have thought, too, of the large sums of money the railways have cost Canada. My mind goes back to the millions of dollars which are about to be spent on the erection of a Canadian National Railway terminus in Montreal. If we must do work to relieve unemployment—and I think we must—it is urgent to choose the most useful way of spending public funds. Until the contrary has been shown to me, I shall hold that we should make a union station out of the present Windsor station to serve the western part of Montreal, another union station out of the present Viger station to serve the east end of the city, and eliminate that miserable and pitiful stopping place now known as Moreau station. I shall say no more on the subject and shall be content to await the views of my colleagues representing the city of Montreal.

On motion of Mr. Euler the debate was adjourned.

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

Wednesday, January 25, 1939

The house met at three o'clock.

CUSTOMS ACT

INQUIRY AS TO REVISION AND CONSOLIDATION DURING THE PRESENT SESSION

On the orders of the day:

Mr. J. G. ROSS (Moose Jaw): I should like to ask the Minister of National Revenue (Mr. Ilsley) whether it is the intention of the government to introduce this session a bill to amend and consolidate the Customs Act.

Hon. J. L. ILSLEY (Minister of National Revenue): The committee that has been working on a new Customs Act has not yet completed its work, and under the circumstances all I can say is that I hope to be able to introduce it later in the session.

VALIDITY OF QUEBEC STATUTE

REFERENCE TO SUPREME COURT OF CONSTITUTIONALITY OF "ACT RESPECTING COMMUNISTIC PROPAGANDA"

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): In view of the disturbing situation in Montreal, arising out of the threatened eviction of citizens from their homes for alleged holding of political opinions, will the government reconsider its decision and refer the constitutionality of the "padlock law" to the Supreme Court of Canada?

Right Hon. ERNEST LAPOINTE (Minister of Justice): No.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Tuesday, January 24, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, may I first of all join with those who have already spoken in the debate in complimenting the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address. In my rather lengthy experience in the house I cannot recall any occasion on which the subject-matter and the manner of presentation were excelled in the speeches of those who proposed and seconded the motion.

I might also congratulate again my hon. friend the leader of the opposition (Mr. Manion) upon taking his seat as leader of his party. I say that with particular pleasure because of the fact that he and I entered parliament at the same time in the same year, after the elections of 1917. While at times we did not agree, and perhaps the same thing will be true in the future, our relations were always very cordial indeed, and I trust they may so continue.

I should also like to express my very sincere regret that my colleague, my personal friend and my deskmate, has found it advisable on account of health to withdraw from the office of postmaster general. I should like to welcome my new colleague, the Postmaster General (Mr. McLarty). I can assure him that I surrender very willingly, and with a degree of gratitude which perhaps he will appreciate a little more fully as the days go by, the responsibilities and duties of the office of acting postmaster general.

I have no intention of discussing at length the matters which are mentioned in the speech from the throne. Indeed I propose to confine my observations very largely to matters of trade, to discuss particularly the principles underlying trade agreements in general, and more especially the principles which underlie the trade agreement which has just been concluded with the United States. Perhaps it may be possible for me to give some information which the house has not now, although I do not propose to discuss the agreement in detail—that may very well be left to a later occasion. But I may be able to remove some misconceptions and to answer some criticisms which have been made in the house.

My hon. friend the leader of the opposition has said that it is quite impossible at this time to judge of the merits of the agreement, that only time will tell. I think he is quite right in that statement. At the same time I am surprised, in view of his having said that, that he should then proceed to criticize rather fully the agreement itself.

It is quite possible, in reading the speeches made by hon. members on the other side, to read into them—although perhaps not so much into the speech of the leader of the opposition—a very decided antagonism to the making of commercial agreements with other countries, especially such agreements as contain what is known as the most favoured nation clause. If we accept that view we might as well abandon the idea of export trade. Yet when we consider the United States, with which we made the most recent agreement, we should realize that our exports to that country are greater than they are to any other country in the world, not excluding even Great Britain. Last year our exports to the United States were some $5,000,000 greater than they were to Great Britain.

It ought to be unnecessary—and I make these observations only because of criticisms that have been made and antagonisms that have been displayed—to discuss the vital importance to Canada of finding export markets. In a country like Canada, which has tremendous surplusses of products such as wheat, of which we consume only one-quarter of the normal crop; with our dairy products; our forest products, which employ literally thousands of people; our mines, which employ tens of thousands; and with our many other products, it becomes absolutely necessary, if we cannot consume these commodities in full ourselves, that we should find markets in other countries. Some people fear the results of permitting goods to come into Canada from other countries, more particularly such products as are manufactured in Canada; but surely it should be realized that to the extent to which we can dispose of our surplusses in foreign markets, not being able to consume them ourselves, precisely to that extent do the producers of such commodities in Canada obtain buying power to buy again the products of our factories. We have, therefore, not a vicious circle, but a happy circle which I think governments have a duty to maintain as far as possible.

This, of course, implies that if we are to sell our goods in other countries we must also buy in those countries. It would be an ideal situation if it were possible for us to make our trade agreements in such a way as to allow the importation of only such commodities as we cannot produce ourselves, or produce to advantage, and perhaps to sell to other countries the commodities which they cannot produce, or produce advantageously to themselves. But desirable as that would be, it is not always possible, as hon. members know very well. In these days trade agreements are absolutely essential. We all know that more particularly in recent years, when the countries of Europe, having the fear of war in their minds, are trying to make themselves self-sufficient and self-supporting within their own borders, it is almost impossible, by reason of their tariffs, quotas, and exchange control, to enter into those markets unless we make special arrangements with those countries. If we did not make these special arrangements with them we should find ourselves discriminated against in favour of such countries as are prepared to enter into such trade agreements.

After all, these trade agreements of ours have been pretty successful. I know that criticism may and does come from the other side that in the last year or so business has begun to fall, has been reduced. I am not going to enter into the reasons for that because they are fairly well known to everyone. I do say, however, that our trade agreements have been pretty successful. Canada to-day is still the fourth exporting nation of the world, her exports being exceeded by only

three other countries—Great Britain, the United States and Germany. There is really only one country in the world with which we have what is usually called an unfavourable trade balance, and that country is the United States, which sold us last year about $78,000,000 more than it bought from us. But if we take into consideration the amount of money that flows into Canada by reason of the tourist business, I believe it could be shown to the satisfaction of every reasonable person that even with that country we have a favourable trade balance of $75,000,000 or $100,000,000.

It will be of interest to the house to know —many hon. members may know it now— that while we have had a shrinkage in our exports and imports, we nevertheless, in the year ended in December last, sold $956,000,000 worth of goods and imported $677,000,000 worth. So that we have a favourable world balance of trade of $280,000,000. With regard to the balance of trade and the disparity that exists between our purchases and sales, so far as the United States are concerned, I should like to make a good-natured reference to the argument advanced the other day by the leader of the opposition (Mr. Manion). I will read from *Hansard* because I made at the time an interjection with which he did not agree: He said:

> In the last twelve months ending in November, 1938, we bought from the United States $40 worth per capita—it may be a little more or a little less, $39 or $41. How much did they buy from us? They bought $3.50 worth per head of population.
>
> Mr. Euler: That is not a fair comparison.
>
> Mr. Manion: Why not? What is wrong with it? I do not see anything unfair about it. I can see no reason why one Canadian should buy eleven times as much as an American buys from Canada. But that is precisely what happens when my hon. friends opposite deal with the United States.
>
> An hon. Member: One rabbit, one horse.
>
> Mr. Manion: We get the rabbit and they get the horse. We buy eleven times as much per capita as the United States people buy from us. I cannot see anything unfair in the comparison. I submit that it is perfectly fair.

It is a poor rule that does not work both ways. The Americans can say: Each Canadian sells us $33 worth of goods a year, yet each American sells to Canada only $3.50 worth. One statement is just as true and just as misleading as the other. Of course, the basis of comparison is absolutely wrong, or rather a change is made in the comparison when he makes the statement. If you want to put it on a per capita basis, then I contend that the leader of the opposition should say: Each Canadian buys $40 worth of goods from the United States and each Canadian sells $33 worth of goods to the United States. Or, if you want to reverse it, you can say: Each American buys so many dollars' worth and each American sells so many dollars' worth. Taking it on the per capita basis, if you like, you take what each Canadian buys and what each Canadian sells, and what each American buys and what each American sells. Or, taking it on the basis of the countries themselves, you can say: Canada as a whole buys so many dollars' worth of goods and the United States as a whole buys so many dollars' worth. If anything can be made out of this comparison, which I contend is fair, well and good. The Canadian buys $40 worth from the United States and sells $33 worth.

If you want to carry the comparison to the point of absurdity, I would refer to what my hon. friend said, that each Canadian buys eleven times as much goods from the United States as each American buys from us. The only inference that one can draw from that statement is that the Americans ought to buy eleven times as much from us as they do now. What would happen if they did? They now buy from us $350,000,000 worth. Multiply that by eleven, and they ought to buy nearly $4,000,000,000 worth. On the other hand, the American could calculate in exactly the same way and say that Canada ought to buy nearly $4,000,000,000 worth of goods from the United States. I am afraid that even if we applied the principles of the social credit party, we should not have enough money to pay for the overwhelming mass of goods that would come in.

It will be of interest to give the exports to and the imports from the most important countries in 1938:

Country	Exports	Imports	Balance (+) or (−)
United Kingdom	$339,711,086	$119,268,179	+$220,442,907
Australia	32,982,051	9,043,630	+ 23,938,421
Union of South Africa	15,546,687	1,991,295	+ 13,555,392
New Zealand	16,370,857	4,561,824	+ 11,809,033
Belgium	9,658,745	6,180,793	+ 3,477,952
France	9,152,226	6,104,841	+ 3,047,385
Germany	18,166,228	9,930,456	+ 8,235,772
Italy	1,745,343	2,631,434	— 886,091
Japan	21,092,215	4,642,762	+ 16,449,453
Netherlands	10,267,088	3,755,896	+ 6,511,192
Sweden	5,411,427	2,114,030	+ 3,297,397
The United States	345,911,915	424,754,818	— 78,842,903

There are just two countries with which we have an unfavourable balance—Italy and the United States. With Italy our trade is very, very small. But our trade with all the world for the calendar year 1938 left us a favourable balance of some $280,000,000.

I should like hon. members to appreciate the fact that our trade with practically all countries of the world shows a favourable balance. I think it has been suggested that we ought to abolish some of our trade agreements with foreign countries. If they should say to us, "We are buying more from you than you are buying from us; we are going to stop buying from you and buy from countries which will buy more from us than you do," that would be a very serious situation for the producers of Canada. If I may use the word used the other day by an hon. member from Toronto I would postulate that if we can keep a favourable trade balance with all the world, we ought to be pretty well satisfied.

Mr. LAWSON: Would my hon. friend permit a question? Do the figures he gave include exports of gold from Canada?

Mr. EULER: To the United States, yes.

Mr. LAWSON: The United States only, or in all trade figures?

Mr. EULER: I do not think we export gold to any extent to any other country than the United States. And I see no objection, although some persons may object, to including the exports of commodity gold, because, after all, the production of that gold gives employment to a great deal of labour.

Mr. MANION: Is it not true that we have always had what my hon. friend speaks of as a favourable balance of trade, at any rate in the last twenty-five or thirty years?

Mr. EULER: No. I am sure that during the time of a previous Conservative administration the balance was against us.

Mr. MANION: I do not think so.

Mr. EULER: I have not the figures before me; my hon. friend may correct me later if he desires. I still contend that if Canada can maintain a favourable world balance we ought to be well satisfied.

Much has been said in the press and in this house about the effect of the most favoured nation clause in these agreements. Particularly has it been said that the inclusion of the most favoured nation clause in the Canada-United States trade agreement is going to benefit particularly such countries as Italy, Japan and Germany. I believe that the public of Canada has been somewhat impressed by that idea, for reasons into which I need not enter at the moment.

May I first explain the meaning of the most favoured nation arrangement? To put it very simply it means this, that when we enter into a mutual most favoured nation arrangement with another country, then we must give to all other countries with which we have most favoured nation arrangements any concessions that we give to the country with which we make the agreement. They on the other hand must treat us in the same way. For instance, under the United Kingdom-United States agreement in which the most favoured nation clause applies, we receive automatically all the concessions which the United States gives to Great Britain. That is one advantage which immediately flows out of what we may call this three-cornered arrangement between the three countries. As a matter of fact, in regard to 400 items on which the United States gives concessions to Great Britain, Canada gets the full benefit of those concessions. Canada has most favoured nation agreements with some thirty-two other countries. That, of course, does not include the agreements we have with the different commonwealths of the British empire; those are definitely excluded always from the operation of most favoured nation agreements which we may make with foreign countries. The United States has some fifty-six agreements containing the most favoured nation clause. I say with considerable confidence that the more the most favoured nation agreements are extended, the more we remove obstacles to international trade, and that surely is advisable.

Mr. CAHAN: And the more we create domestic unemployment, in many instances.

Mr. EULER: Well, my hon. friend may make that argument, but I think he will find considerable difficulty in supporting it.

I have shown that, generally speaking, our trade balances with other countries are favourable. What if we cancelled those most favoured nation agreements? We should immediately be placed in the position of losing a good part of our export trade, which, as I have said, is in our favour practically all over the world. Take for example Japan, though some persons will deny that it is an advantage with regard to Japan. We will say, for example, that although our trade with Japan is favourable to the extent that they buy from us about four dollars' worth for every dollar's worth we buy from them, we decided, for reasons which might seem sufficient to the members of this house, to cancel our most favoured nation arrangement with

them. What would they do? Naturally, of course, they would cancel their arrangement with us as well. We sell large quantities of wood pulp to Japan; that is a very good source of revenue to our producers and to the country. They would immediately cancel that trade, and I presume they would buy their wood pulp from Scandinavia. Then if our producers of pulp wood desired to get that concession back undoubtedly we would have to make certain concessions to Japan in return, and we would only disrupt business in the meantime. That example might be cited right across the board, if I might use that term. Some countries will benefit slightly from our agreement with the United States; Sweden, for example, Belgium and Switzerland. But with those countries we have favourable balances of trade, and in addition they are great buyers of Canadian wheat and potential buyers of still larger quantities.

The charge has been made, I repeat; largely in the press though it has been made in the house and perhaps will be made again, that by the agreement we have made with the United States we are conferring great benefits upon Italy, Japan and Germany. Let me show how the principle underlying the United States trade agreement reduces to a minimum the possibility of that occurring, and here for a moment I should like to explain the principle under which we considered the items in connection with which we gave concessions to the United States and those upon which they gave us concessions. It is the principle of what is called the chief supplier. That is, as these items were studied they were considered from the point of view that the country asking for a concession on any item must be the chief supplier of that commodity; and if it was not already the chief supplier it would not receive any concession. The idea, of course, was that it was not desired to give a concession to one country, in this instance the United States, on some item of which some other country was the chief supplier. That would be giving the other country still greater advantages. The purpose of the agreement was that when we made a concession we gave it to the country with which we were making the agreement, and not to some other country, and thus depriving ourselves of a bargaining power which we might very well want later on if we made an agreement with that other country. The United States adopted the same principle. We might have asked, and we did ask, for concessions on certain commodities. They would not give them to us because they stated that they would simply benefit some other country more than they would benefit Canada. We had to be the chief supplier.

[Mr. Euler.]

Each item was very, very carefully scanned. In my few public addresses while the agreement was being negotiated I said I was confident that no legitimate Canadian industry would be injured by the making of this agreement. I still believe that to be true. There may be isolated instances here and there where there may be some dissatisfaction, but taking it by and large I believe that no Canadian industry, manufacturing or otherwise, has been seriously injured by this agreement. And right here I should like to pay a compliment, if I may, to the three officials of the Canadian government who were instrumental in examining the terms of the agreement. I refer to Mr. Wilgress, of the Department of Trade and Commerce; Mr. McKinnon of the Department of Finance and Mr. Robertson of the Department of External Affairs. During the course of his speech my hon. friend the leader of the opposition said some bungling had occurred in connection with the excise tax. I hope his remarks were not directed to these three gentlemen.

Mr. MANION: No, I was directing them to the ministry.

Mr. EULER: I am very glad to hear that, because whatever censure may be due the ministry I am sure it would not apply with regard to any charges that might be made against these three gentlemen.

Mr. MANION: I entirely agree with my hon. friend.

Mr. EULER: This country was exceedingly fortunate in having in its employ these three men with a knowledge, I believe, of all the circumstances, of the tariff, of all the implications that enter into the making of an agreement of this kind and an understanding of what may result from it that I believe it would be very difficult to equal in any other country.

Japan can receive very little benefit from this agreement. That, perhaps, may be examined by hon. gentlemen more in detail. Some may say that they receive benefits from certain concessions made in connection with cotton textiles, but the agreement is so framed that the United States gets a concession on cotton textiles concerning only the higher priced range of goods, which Japan does not make in any quantity. So I say with considerable assurance that Japan will receive very little benefit. So far as Italy is concerned, our trade with that country is almost infinitesimal, and Italy will receive very little benefit. With regard to Germany—and I think perhaps most of the criticism has been directed against us with regard to that coun-

try—Germany cannot receive a great deal of benefit as far as this agreement is concerned. I have made a pretty close examination; this matter was carefully considered when the agreement was being drawn up, and there are only two items under which that country may benefit to some extent. Those items are specialized machinery and a certain kind of acid, neither of which commodity is produced in Canada. Perhaps I might refer to the trade agreement between Canada and Germany, negotiated some two years ago. In 1935 Germany bought from us only about three and a half million dollars' worth of goods. Last year she bought from us nearly eighteen million dollars' worth, while we bought from Germany only a little more than half that amount of goods. That may not be satisfactory to my hon. friends, but after all that is the situation as the result of our making a trade agreement with that country.

I should like the house to bear this in mind. If there should be any prejudice with regard to doing business with Germany, in the agreement with that country we have a saving clause under which the agreement may be terminated upon two months' notice. So the danger there cannot be very great. More than that, in our agreement with the United States there is what I might also call a saving clause. Article XIV of that agreement is as follows:

> The government of each country reserves the right to withdraw or to modify the concession granted on any article under this agreement, or to impose quantitative regulations on the importation of any such article if, as the result of the extension of such concession to other foreign countries, such countries obtain the major benefit of the concession, and if in consequence imports of the article concerned increase to such an extent as to threaten serious injury to domestic producers:—

That would be the producers in Canada.

> —Provided, that before any action authorized by the foregoing reservation is taken, the government proposing to take such action shall give notice in writing to the other government of its intention to do so, and shall afford such other government an opportunity within thirty days after receipt of such notice to consult with it in respect of the proposed action.

I contend that this provides a safeguard which makes it certain that if any other country gets a greater benefit from concessions granted the United States, we can deal with the matter by having that concession withdrawn.

I think hon. members are apt to forget that, after all, this clause which is known as the most favoured nation clause is reciprocal in its effects; that while we give certain concessions it follows that we also receive concessions. That is the whole purpose of the clause.

Mr. MANION: Not at the same time, is that not right? That is true if they happen to be making a trade treaty. But at the present time while the concessions we give to the United States go to other countries we get no concessions in return.

Mr. EULER: Yes, but if the United States has a most favoured nation agreement with some other country, the United States must give us the same concessions.

Mr. CAHAN: But not the other country.

Mr. EULER: It is a mutual arrangement.

Mr. CAHAN: The other country is not bound to reciprocate.

Mr. EULER: It must, if it has a most favoured nation agreement with us, give us all the concessions it gives to others.

The criticism has been made that we have given up some preference in the British market, the preferences obtained under the Ottawa agreements of 1932 and continued, or perhaps enlarged, in the agreement of 1936. We did give a concession, if you like to call it that, on wheat. We agreed to the withdrawal of the six-cent preference. Australia, which perhaps is just as much concerned as we are, also agreed to the withdrawal of that preference. My colleague the Minister of Agriculture (Mr. Gardiner) dealt with the matter the other day, and I think showed conclusively that the preference was never regarded as of much benefit to Canada.

Some hon. MEMBERS: Oh, oh.

Mr. CAHAN: I think that is not the general belief throughout Canada.

Mr. EULER: Well, opinions may differ with regard to that; I suppose opinions always have differed. But I will say that the people most concerned, the farmers of western Canada, have made no complaint because the preference has been dropped.

Mr. ROWE (Dufferin-Simcoe): They should not this year.

Mr. EULER: So long as Great Britain cannot absorb all the wheat produced in the British dominions—and in a period of ten years they took an average of only 200,000,000 bushels a year, whereas the Dominion of Canada, Australia and India exported 300,000,000—just so long as the condition exists, and so long as we have competition in foreign markets, just that long will the preference be of no great value. I might give an opinion from the United States with

regard to the matter. A few days ago I read this from the *Journal-American*:

> There seems little chance that we shall be able to take advantage of the wheat tariff reduction until some year when the British dominions are unable to supply British demand.

I think it will be a long time before the British dominions will not be able to supply the demands of Great Britain.

Another reason why the six-cent preference was not of great value—and this has not been mentioned—is that, as hon. members know, the United States has been granting a subsidy to its producers of wheat, to its millers and flour exporters.

Mr. ROWE (Dufferin-Simcoe): So has Canada.

Mr. EULER: I do not make this observation in criticism, but may I point out that a country like the United States, which does not hesitate to spend millions, perhaps even billions of dollars in conserving the interests of its producers and farmers, might easily overcome a matter of six cents a bushel by giving subsidies to its exporters. After all, in the final analysis, the position of the Canadian wheat farmer or wheat producer is made reasonably secure through the fact that he produces the best wheat in the world.

Something has been said in regard to ports; the statement is made that through abolition of the preference Canadian ports are going to lose business. In the original agreement framed in 1932 there was no clause which stated, or made it obligatory, for Canadian wheat to go through Canadian ports. Most of it did, it is true; but some Canadian wheat did go through United States ports.

Mr. CAHAN: To secure the preference of six cents it had to go through Canadian ports.

Mr. EULER: No, the hon. member is quite wrong. It went through on a through bill of lading, and was admitted under the six-cent preference, though the quantity was not large.

Mr. CAHAN: That was the effect of the ruling, anyway.

Mr. EULER: Perhaps it might be just as well to remind hon. members that in former days, when the United States had wheat for export, a good deal of United States wheat went through Canadian ports.

We made some cencessions on lumber?—yes. But we also received concessions on lumber. In my conversations with the lumbermen of British Columbia, who are as much affected as any group in any other part of the country, I was assured—and the assurance came after the treaty was made—that they were well satisfied. I was assured that the British Columbia lumber producer is much better satisfied with an alternative market in the United States, or an extension of that market, than he would be in having recourse only to one market, good as it may be, in Great Britain. In years gone by, during a period when Great Britain was undertaking an extensive housing program, the lumbermen of Canada sold large quantities of lumber to Great Britain. That program however has somewhat slackened. I believe the British Columbia lumber producer is quite satisfied—he says to us that he is—to have an extended market, while he gives up something of the market in Great Britain. I do not believe what he is yielding is very serious. I know that the lumbermen approve of the agreement.

Something has been said with regard to apples. Hon. members from Nova Scotia may answer in this respect better than I can. There is a reduction to three shillings per barrel, but despite the reduction there still remains a preference of ninety cents per barrel, which works out at about 30 per cent ad valorem. In any case I believe there is very little complaint from the apple producers. The British government is quite satisfied that the interests of the British apple growers are sufficiently protected by the duty of three shillings per barrel. There is this further point which has been brought to my notice, and it seems reasonable, that to the extent to which the tariff on apples to Great Britain is raised, just to that extent is there encouragement for the growing of apples in Great Britain which would provide greater competition than if the tariff were a little lower, permitting the entry of Canadian apples to that country.

Mr. SPEAKER: Order.

Mr. EULER: I shall try to finish very soon. Canada receives extremely valuable concessions in fish, cattle, lumber, potatoes and some manufactured articles. I was going to say something with regard to potatoes, but time does not permit. Something has been said respecting boots and shoes, but I shall not have time to go into the matter. Perhaps I should say—

Mr. CAHAN: The hon. member will have days on which to speak of the treaty.

Mr. EULER: There are only one or two matters about which I should like to speak at the moment. A few days ago the hon. member for Broadview (Mr. Church) stated that if at the end of three years the United States should cancel the treaty, and another

government were to take office in the United States, we should lose our preference. But there is a provision under which our preferences are only suspended, and if the agreement between Great Britain and the United States is renounced or terminated we receive our preferences back.

Mr. CAHAN: Is that a separate agreement with Great Britain?

Mr. EULER: It is in the agreement itself.

Mr. CAHAN: Which agreement?

Mr. EULER: Our preference is suspended only until such time as the treaty between the United States and Great Britain may be terminated.

Mr. CAHAN: Is that stated in any British agreement, in black and white?

Mr. EULER: It is in the exchange of notes between Canada and the United Kingdom. The leader of the opposition has stated further that the withdrawal of these preferences has sounded the death-knell of the British preference. My submission is that it is just the contrary. The agreement reaffirms the principle of the British preference, and the United States is admitting that principle. May I read an excerpt from the United Kingdom-United States trade agreement:

Nothing in the agreement shall entitle the United States of America to claim the benefit of any treatment, preference or privilege which may at any time be in force exclusively between territories under the sovereignty of His Majesty the King or under his majesty's protection or suzerainty.

Nothing shall interfere with that. The United States now willingly admits that it is proper for a special agreement with respect to preferences to exist between the various dominions and Great Britain, without there being any necessity of granting those concessions to any other country with which she may have a most favoured nation arrangement.

Mr. CAHAN: Where is that said?—because they have made every pernicious effort to destroy the preference.

Mr. EULER: If the hon. member wishes to read the agreement between the United States and Great Britain he will find it right there in black and white. It establishes very firmly the principle of the British preference, recognized now by the United States, as by any other countries with which we have agreements.

I would say in conclusion that no other agreement ever made by Canada with any other country has ever received so little criticism or so much approval. We have had favourable comments from such papers as the London *Free Press,* the Hamilton *Spectator,* the Montreal *Gazette,* the Montreal *Star, Saturday Night* and the *Financial Post.* I do not think any of my hon. friends will say that any of these publications are particularly friendly to this government. Actually we have had favourable comment from no less a person than the Hon. Howard Ferguson, who gave the trade agreement his blessing. If we have had some criticism here, there has also been criticism in the United States. Makers of cheese, producers of dairy products, those engaged in the fishing industry, producers of shingles and lumber—all these claim that they have been sold down the river. Sheep and cattle producers, farmers, potato growers, the American Federation of Labour and the *Mining Journal* all complain bitterly that the United States has received the worst of the bargain. When complaints are heard on both sides, it is perhaps fair to assume that the agreement is fair to both sides. I should like to give just one more quotation which I think will be almost conclusive. I read from the columns of the Vancouver *Province*:

Hon. H. H. Stevens, M.P., who framed the trade agreements of 1932, described consummation of a trade treaty between Great Britain and the United States as "of paramount importance at this time" and believed that "Canada was justified in making some concessions to that end."

While making it clear he would reserve detailed criticism of the agreements, he declared "it is impossible to overestimate the importance" of the Anglo-American agreement.

"As far as Canada is concerned, if we can assist in that major thing by making some concessions, I think we are justified in doing it," he said.

Apart from its effects on specific industries, he explained, the triangular treaties "will probably make a greater contribution toward a stimulation of trade between empire countries and the United States and even the rest of the world than anything else at this time could have done."

"Taking it as a whole," he added, "the treaties will lead to an improvement of trade relations between Canada and the United States."

I believe that this agreement will prove to be a good one, good for Canada and good for the United States. That is as it should be between friendly neighbours. A mutually beneficial agreement is the only kind that can be of real and permanent value, and I have every confidence that this agreement is of that kind.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, let my first word be an expression of pride and pleasure at being associated with my hon. friend the leader of the opposi-

tion (Mr. Manion) in the task which he has assumed and in the efforts which he will make to serve his country in the position he now holds. This will renew years of close companionship and friendship with him which I have always treasured very dearly. To certain hon. gentlemen opposite who have expressed some curiosity about the move that I have made during this session I have no hesitancy in saying that I look forward with a good deal of pleasant anticipation to our times together when I shall be a loyal supporter of my hon. friend, the leader of the opposition. Let me say one further word. His approach to the various social and economic problems of Canada and to other such problems generally has always given due weight to the human equation. It is that element in him which appeals to me very strongly.

During the debates on the speech from the throne and the budget an opportunity is given to hon. members of the House of Commons as representatives of the people to discuss the country's conditions generally and to present to parliament the views of their constituents or, as they may view it, the needs of the country. In the present speech from the throne, as is proper, we have the government's proposals to meet immediate needs and a review of the record. That is customary, and this speech from the throne is no different in that respect from any of its predecessors. But I looked in vain for any indication that the government had an adequate appreciation of the real conditions prevailing in this dominion.

It is useless to dilate on the privations of our grandfathers. I prefer to consider the problems facing my sons and daughters. I am perturbed, as are undoubtedly other hon. members, about the future of my children and of countless thousands of young people throughout Canada. I prefer to consider the future of my children and my grandchildren rather than to consider what my grandfather may have done or not done in Penzance, whence he came. The reference to Penzance may suggest certain sinister thoughts to every hon. member who has read the romance of that famous port. I am not concerned very much to-day with whether the press-gangs of those days were onerous and burdensome; I am not concerned with the fact that the administration of the customs in that period really inspired a miniature revolution in the hearts of my forebears; what I am at present concerned about is the welfare and the plight of the children of this day.

I ask: What is there in the speech from the throne for the young farmer? I am not exaggerating when I say that thousands have been driven from their farms because of the poverty of their parents. You can meet them every day. What is there here for the young worker? There are 500,000 of them, perhaps not all registered. Let us stop this piffling talk about whether they are on the register or off the register. What hon. members know is that there is an army of unemployed willing workers. What has this speech from the throne to offer to them?

Mr. MacNICOL: Nothing.

Mr. STEVENS: What has it to offer for the tens of thousands—again I do not exaggerate—of young high school students who have just left school? These young people are looking hopelessly about, trying to find out where they are to go. What about the young graduates from our universities? What about our young engineers, of whom there must be hundreds? I have met many of them. What about our young lawyers? What about our young doctors and other professional men? These men are to be found in the bread lines and in our camps. They are scattered throughout the country by the thousands, not knowing where to turn. What is there in the speech from the throne for them? What is there in it for the merchants? Yes, what is there in it for capital? My right hon. friend (Mr. Mackenzie King) gave quite a lengthy dissertation about capital. He spoke of the difficulty of directing it from time to time and the various influences that affect it.

There came into my hands the other day the vital statistics. I read them just casually, but may I say that there was in them an item which I think is enough to perturb us. It will be recalled that while typhoid, smallpox, scarlet fever, diphtheria and such diseases have been, in years past, perhaps the chief sources of epidemics and deaths in this country, all are under control; I believe medical men will bear me out in that statement. I shall state the figures briefly, and then I shall have a point to make. Deaths for the second quarter of last year were as follows: Typhoid, 39; smallpox, nil; measles, 62; scarlet fever, 41; whooping cough, 128; diphtheria, 73; influenza, 544; infantile paralysis, as to which there has been a great deal of alarm, 11; tuberculosis, which we are getting under control, 1,651; cancer, 2,908. But deaths from diseases of the heart numbered 6,814. What is one of the main contributing causes of deaths from diseases of the heart? I do not believe I shall be challenged if I say: worry, fear, anxiety. When I saw these statistics I paused for a moment.

An hon. MEMBER: That is a far-fetched argument.

Mr. STEVENS: I know that some of my hon. friends laugh.

Mr. SPEAKER: Order.

Mr. STEVENS: When I read these statistics I paused for a moment and there came to my mind instance after instance of young business men whom I knew who have dropped off at their prime through heart disease. If hon. members read the news press from day to day they will see that fact plainly evidenced. I refer to it for this reason. that the casualties among business executives are totally disproportionate to their numbers compared with the casualties among other people in the country, and this indicates that leaders in business to-day are, through worry, vexation and anxiety, being subjected to an unusual strain. What is wrong? The impossibility of planning for the future; instability in business; anxiety about taxation. These are economic problems which ought to be engaging the attention of parliament. These are problems which are causing a great deal of difficulty in the country to-day. The imperative need is, in my opinion, closer cooperation between government and business in Canada.

The other day the Minister of Labour (Mr. Rogers) referred to the necessity of private business bestirring itself to assist in the reduction of unemployment. I am not disposed to quarrel with him, but what I say to him is that industry is looking for a lead from Ottawa and is not getting it. I ask, what is there in the speech from the throne to encourage the harassed business man, the young man or woman, the unemployed worker, or the stricken farmer? There is nothing in the speech but more commissions, more constitutional platitudes and more evasions, with a total absence of leadership.

Our problems are economic. Certain of them are vital—too low a price to the farmer, disproportionate rates of wages to the worker. I need not dwell on that. One worker is getting $1.75 an hour; another is working under almost sweatshop conditions. There is a disequilibrium of reward both to workers and to farmers, in fact to those engaged in active production work; low purchasing power; inequitable distribution of wealth. These are some of the internal domestic problems which ought to be engaging the attention of parliament, to the exclusion, in my opinion, of all else. They are vital to our people. It is not a question of the economic nationalism which the Prime Minister is constantly talking about; it is a question of national economics, which is a vastly different matter.

By the way, the Prime Minister made reference to the speech from the throne under three heads. I shall not attempt to follow him under those headings except very briefly as to two of them and at somewhat greater length with regard to the third.

We may take the Prime Minister's speech as the interpretation of the views of members of the Liberal party in the house as to the speech from the throne and the policies of the government.

Let me refer very briefly to defence. Probably we shall discuss it later, and I have just one short reference to make to it at this time. We are going to spend $50,000,000. We are to have a purchasing commission. My first word is this: The purchasing commission ought to be a non-partisan commission under the control of the Minister of Finance (Mr. Dunning). I suggest that this point should be considered before the proposal is brought before the House of Commons. My next inquiry in this connection is whether, as we are going to purchase munitions and equipment and a great deal of new machinery will be required, it is the policy of the government—I ask the question so that they may consider it—that a substantial portion of this machinery will be bought outside Canada. If so, I shall criticize such a policy very severely, because if you are going to spend fifty million dollars on defence it ought to be spent so as to stimulate and build up as far as possible industry in this country. I invite the Prime Minister's consideration of this thought, that we have workshops, factories, skilled engineers and skilled workmen, as I am authoritatively advised, capable of producing any machine which may be required for the purposes I have indicated. Give them the specifications, and we have the shops that can produce those machines. Do not let us go outside Canada, buy these machines elsewhere and bring them in. If we are going to spend money on defence, let us utilize that money to the fullest possible extent for the stimulation of industry in our own country.

I turn now to the trade agreements, because the Prime Minister and his colleagues have placed this matter at the forefront of their policies. I believe the Prime Minister will not criticize me if I put it in this way: He says we have a number of perplexing problems in Canada, but a solution of those problems can be found in the expansion of Canada's external trade. In the speech from the throne the Prime Minister placed in the mouth of his excellency the following words:

> The agreements constitute a constructive contribution toward a betterment of world conditions and—

And.

> —advantages to Canadian producers and consumers.

I shall reserve most of my comments on this subject until the agreement resolution is before us, but there are a few observations I would like to make now.

In the first place, the Minister of Trade and Commerce (Mr. Euler) said a few moments ago that Conservatives were opposed to the making of any trade agreements.

Mr. EULER: I did not say that definitely, no.

Mr. STEVENS: The minister can correct me if I am wrong, but I took his words down.

Mr. EULER: I do not remember precisely my words, but I have reason to believe, from the remarks made by hon. members on the other side of the house, that they were not particularly friendly to agreements made with foreign countries. I think so still.

Mr. STEVENS: My hon. friend has modified his words considerably. However, we shall take his statement. What he suggests is not the case. The Conservative party, during all my association with it, has been quite willing to make agreements with foreign countries, but it believes in making agreements that will not be damaging to Canadian industry and Canadian interests. Before I am through with this part of my speech I hope to show briefly wherein I think there is a danger of some damage being done to Canada by these agreements.

My hon. friend quoted a news dispatch. In that interview I was very careful to say that I had not seen the agreements; I had seen only the news dispatches.

Mr. EULER: Was the quotation correct?

Mr. STEVENS: Oh, quite. I am not disputing the quotation. This is what I said then and I say now: Any action on the part of Canada that will tend to bring Great Britain and the United States together is desirable; but, as I shall seek to show, the question is this: Have we paid too big a price? That is the question which I shall submit in a moment.

The Prime Minister refers to economic nationalism, which, he says leads to war. There is nothing new about that. There is nothing new about economic nationalism. There was economic nationalism in 1923 when Italy took about thirty items of our exports to that country and imposed upon them inhibitions, prohibitions and high tariffs. They raised the tariff on our wheat to 87 cents, and they also raised the tariff on hams, bacon, honey and all down the line. In short, they started what was economic nationalism, and the same was done by Germany, and to a certain extent by France and by nearly every other country in the world—that is, in western civilization. And why did they do it? It was because of fear and anxiety, fear engendered by their experience during the war.

The point I wish to make, however, is that it is not a new thing. It has prevailed for fifteen years, and if the Prime Minister suggests that this is something new which he has discovered and which he is going to take some part in eliminating, then I think it is a pretty weak position for him to assume. These conditions are in existence to-day; they are a reality, an ugly fact which we might as well recognize. The thing we have to do is to endeavour to meet these conditions step by step, nation by nation.

My hon. friend (Mr. Euler) a few moments ago argued that there was no danger in the most favoured nation treatment clauses. I think I am reflecting the opinion of some members of the government when I say that they are very much perturbed about this policy. I know that when I was minister some years ago one of the things that gave me serious concern was the most favoured nation clause. What I sought to do, although I left office some years ago, was to find some means of making specific bilateral agreements rather than most favoured nation agreements such as we have. In so far as the advantages given to most favoured nations, thirty-two of them, are concerned, Canada gets nothing in return, and it is well for us to keep that fact clearly in mind. In other words, we give them access to our market, an advantage in our market, for which we get no return; and what is more we have parted with a substantial part of our bargaining power.

It is in the results of international trade disturbance that the basis of the Prime Minister's policy is found. Is it not possible that international trade disturbance ensues from internal distress and the efforts to correct it? For instance there are quotas, embargoes, barter, bonusing, shipping control, all of which have been brought into force in recent years because of internal distress in other countries. Let me say in warning to the Prime Minister that there are serious conditions developing in Canada. There is internal distress, and internal distress may be distinctly aggravated by action taken pursuant to this treaty, particularly in the extension of the most favoured nation treatment clause.

I submit that what we need is a recasting of the whole trade policy of Canada. We should boldly face the issue of most favoured nation treatment. There has been too much tinkering with the tariff in recent years, too much interference. The Minister of National

Revenue (Mr. Ilsley) knows that when the importer to-day orders an article from abroad he cannot tell until that article is in the examining warehouse exactly where it will be classified, whether as before it will be under item 521 or 397 or anywhere else.

Mr. ILSLEY: That applies to a fraction of one per cent.

Mr. STEVENS: Fraction, nothing. I showed a year or two ago that some 1,400 rulings had been made in less than a year, and I venture to say that in the past year over 1,000 were made. I have not had time to review them, although I have a deep pile of them.

Mr. ILSLEY: They added to the certainty, not the uncertainty, of the importer.

Mr. STEVENS: No, they added to uncertainty. Importers tell me they have difficulty in telling where an article will be classified. What we need in Canada is less dislocation of trade through the instability of the tariff, and a revised, simplified and stabilized tariff. That is what we want here, so that both importers and those engaged in industry will know precisely where they are. The Prime Minister laughs.

Mr. MACKENZIE KING: No, I am not laughing.

Mr. STEVENS: Does the Prime Minister know to-day the effect of the withdrawal of the three per cent excise tax under this agreement? I venture to say he does not, nor does any other minister know what effect the withdrawal of that three per cent excise tax, in connection with three or four hundred items mentioned in the agreement, will have on other items not mentioned therein. I venture the prediction that the Minister of Finance (Mr. Dunning) and his staff will be considering shortly whether they will not wipe it out altogether. The minister laughs. It has become so complex and involved, however, that I suggest there is only one solution, and that is to wipe it out.

Mr. MacLEAN (Prince): It should have never been put on.

Mr. STEVENS: Let me now turn to one or two other considerations. When this agreement was made did the government consider the fact that we were a debtor country and that Great Britain and the United States were two creditor countries? The Minister of Trade and Commerce (Mr. Euler) a moment ago gave the trade between Great Britain and Canada and indicated a favourable balance of $190,000,000 or thereabouts.

Mr. EULER: It was $220,000,000.

Mr. STEVENS: He forgot, however, that we owe Great Britain interest on moneys borrowed from them, and in shipping services, representing roughly $200,000,000 a year. He forgets that for the last fifty years—and I challenge contradiction—the adverse balance of trade between Canada and the United States, plus our interest payments to them, has amounted annually to upwards of $300,000,000. That has been the average over that period, and how has that been paid? It has been paid by what we see on the order paper. On the order paper is a resolution wherein the Minister of Finance is asking for $750,000,000, part of which is to go for renewals and part of it to meet obligations of government. We have paid the United States for the last fifty years, with very few exceptions if any, an average of around $300,000,000 a year by increasing the American mortgage on Canada.

Mr. DUNNING: No.

Mr. STEVENS: Absolutely. There is one exception and it is this. Certain payments from London to New York have reduced that, and that payment from London is not, as the minister intimated a moment ago, equal to the favourable balance of trade, because from that must be taken the interest we owe to London. That there is a favourable balance with other countries, and that it has been paid to New York, there is no question; but the net result I venture to say would be upwards of $150,000,000 a year.

Mr. DUNNING: Will my friend permit me just to correct that? Canada has had a favourable balance of international payments for each of the last two or three years if not more.

Mr. STEVENS: I cannot accept that, because I have gone into these things very carefully. I put on *Hansard* a few years ago—it never was done before and I have never seen it done since—an analysis of Canada's international balances. You have to take into consideration insurance premiums paid abroad, which are substantial, about $20,000,000 to the United States; shipping services with Great Britain, which amount to about $75,000,000—no one knows exactly, because there are no exact statistics. We have to pay various other things, including tourist balances, favourable one way and adverse the other. All these things have to be taken into consideration, and there are no precise statistics, only estimates. But what we do know is that we have borrowed from the United States $4,500,000,000; that is our indebtedness to the United States, upon which we pay interest and dividends at

around five per cent per annum. It means an annual payment of at least $225,000,000 in interest. And how are we paying it? Chiefly by extending our borrowings in the United States. There is no question about it.

Mr. DUNNING: The fact is that we are reducing our indebtedness there.

Mr. STEVENS: We are not reducing it.

Mr. DUNNING: Yes, we are.

Mr. STEVENS: The minister cannot get away with that with me, because I have gone through it upside down and inside out.

Mr. EULER: And the hon. gentleman is still upside down.

Mr. STEVENS: My time is going and I am being diverted from my argument. But the fact that we may pay off a loan in the United States now and then and transfer it to the domestic market does not alter the main statistical basis of my argument. It may vary a little, one year up and another down, but I am speaking by and large.

In 1925 I warned the Prime Minister that if the policy which we were following then, which is the policy he is following to-day, were persisted in, sooner or later we would be bankrupt. I am suggesting to the Prime Minister that if he will consult with any statistician, any economist or any group of them, as to the debt of Canada, public, private and corporate, he will be impressed with the fact that Canada has almost reached the limit of her capacity to bear debt. That is the point we have to consider. We have undeveloped resources, I know; we have been exploiting them for the last twenty-five years, but the fact is that in regard to its capacity to pay interest on debt, public, corporate and personal, Canada is at the saturation point. Some parts of Canada are beyond that point, and say so; other parts which are richer have not quite reached it.

The Minister of Agriculture and the Minister of Trade and Commerce referred to the six-cent preference on wheat. The Minister of Agriculture said:

> . . . the six-cent preference has not benefited the wheat growers of the western or any other part of Canada.

And, he said, we were asked by the British government to surrender this as a concession. Let us see what the United States government think about it—not some United States journal, but the United States government. This is what they say on page 6 of their publication:

> One of the most important concessions is the removal of the duty on wheat, which has been

equivalent to about six cents per bushel. This has tended to divert trade to Canada and Australia.

The question I ask is, did we make a sacrifice or did we not? The Minister of Agriculture says, no, we made no sacrifice, because it did not mean anything. The Prime Minister says we made a notable contribution. Which is right?

Then I find the Minister of Agriculture saying this in regard to Canadian ports:

> . . . the removal of the six-cent preference has very little, if anything whatsoever, to do with the amount of wheat that is to be shipped through the maritime ports.

Again the United States government differs from the minister in that respect. They say:

> Also, as a result of the removal of the preference, it should be possible for American port and transportation interests to regain their lost business in the transhipment of Canadian wheat to the United Kingdom.

That is what the United States government say. Did Canada make a sacrifice? Did she make a notable contribution? Then I ask, was it necessary, or is the price too great? The Minister of Agriculture, in answer to such a contention as I am making, gave figures of the exports from all the ports in Canada. But he did not give the exports through Saint John and Halifax, which are the two ports affected. He read a long list, disregarding the drought in the west and the fact that there had been small crops for a few years; then he said that following 1932 there was a diminution, and now there is an increase in exports; which do the farmers of the west want? The facts are that we did build up exports through Saint John and Halifax; we did have a preference in the British market; the United States knew we had that advantage and asked for the concession; the minister himself said that we were asked by the British government to release them, and did release them. Was the price too much to pay?

It is a most serious thing, and one is naturally inclined to ask: What is the objective? What is the justification? The Prime Minister says, world appeasement. I wonder which is likely to contribute more to the betterment of world conditions, an economically emaciated Canada, or a strong, virile, united Canada? Which? One associated with the motherland and the British commonwealth of nations, or one in no man's land, whither we seem to be drifting? Which, I ask, is more likely to contribute to world appeasement? One thing the Prime Minister has lost sight of is the fact that internally Canada has widespread distress. He has lost sight of that in his obsession about participating in this world appeasement. I am not suggesting for a

moment that we should aggravate the international situation; indeed we should do all we can to help it, but we should do it only after looking after internal conditions in Canada.

The Prime Minister referred to Gresham's law. I was very much amused at this, because he has frequently brought Gresham's law into discussions here. Gresham's law is a simple declaration of a condition existing years ago, a century or more. The sovereign at one time had the right to issue currency, and it was always metal coinage. When he got hard up and in financial straits he would adulterate the coinage and so make some money. So Gresham's law declares that whenever a sovereign does that, the debased currency drives the good currency off the market. But that is out of date; it is outmoded. What happens to-day? What about managed currency? Managed currency as we now have it circumvents that and achieves the same ends as the old sovereigns sought to achieve in that crude way. The international economic conference in 1933 declared that note issues were to be considered as on a sound basis if they were protected with twenty-five per cent reserves of gold.

Mr. DUNNING: Not less than twenty-five per cent.

Mr. STEVENS: Yes. That is simply a modern method by which governments achieve the results attained by those harassed sovereigns under the crude conditions of their day.

But the Prime Minister says there is another law to which he is very much attached, and that is the law of competing standards. I listened in vain, however, for him to apply to his policy the principle of the law of competing standards. He went on with a long dissertation on armaments, but he did not refer to the law of competing standards to any greater extent. The law of competing standards, Mr. Speaker, is that a country with a low standard of living will drive a country with a high standard of living out of the trading world. That is what it means, but again science, skill, progress and efficiency circumvented that law. These economic laws are not immutable. like the law of gravity; they are laws of man, and it is possible for them to be circumvented. So through skill, efficiency and science nations learned how to circumvent that law. During the last decade of the last century and the early part of this century we saw the United States and Germany surging ahead of the whole world because they had efficiency; and although the standard of living in the United States particularly was high, that country was able to compete with low standard countries because she had more efficient machinery. But what is the situation to-day? Japan, one of the most noted countries in regard to low standards of living, adopted American methods. So now we have an evasion similar to the evasion of the Gresham law; and Japan, having adopted modern methods, is successfully competing in the world market against the United States and other countries.

The Prime Minister has nailed to his mast the law of competing standards and the law of supply and demand. I can see little Canada, with her ten million people, with the law of competing standards and the law of supply and demand nailed to the masthead of the ship of state about which the Prime Minister talks, and that ship sailing forth to meet the world armada in connection with trade, with my right hon. friend on the bridge, at the helm.

An hon. MEMBER: He will not leave it.

Mr. STEVENS: Someone says he will not leave it, that that is where his place is.

Mr. DUNNING: He will stay there.

Mr. STEVENS: My hon. friend says he will stay there, though the old ship of state be floundering; though the rats be swarming; though the cargo be shifting; though the crew be mutinying because of poor food or lack of clothing; though the officers of the ship, whom I see before me, be quarrelling among themselves. There may be a conspiracy—

Mr. SPEAKER: Order. The hon. member has exhausted his time.

Some hon. MEMBERS: Go on.

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

Mr. MACKENZIE KING: Please do not stop at that point.

Mr. STEVENS: No; that would be too bad. I say the officers have discovered a conspiracy, but will the captain make an inspection? Oh, no; his place is at the helm. I want to say to the Prime Minister that his place is not at the helm. To carry out the simile, it is his place to go over his ship and see what are the conditions; to see whether the crew is being properly fed and cared for; to see whether his passengers are being reasonably looked after; to see whether his ship has sprung any leaks, because heaven knows there are some pretty serious leaks in the old ship just now.

Mr. FRASER: You should know. You scuttled one ship.

Some hon. MEMBERS: Oh, oh.

Mr. STEVENS: Unfortunately I did not catch that joke, but probably I will hear about it later.

I had intended to discuss the question of unemployment, but my time is up. I should like to conclude with just one or two words, and hon. gentlemen might do me the courtesy of allowing me to finish what I have to say.

Mr. SPEAKER: Order.

Mr. STEVENS: I was going to say that I would conclude with a brief reference that I hope may impress upon the Prime Minister and the government the fact that there are great problems facing this country to-day and that our people are looking to Ottawa for leadership. The right hon. gentleman may disregard all that is said from this side of the house, but I would ask him to ponder the speech of the hon. member for Humboldt (Mr. Fleming); the last paragraph of the address of the young member for Stormont (Mr. Chevrier), who seconded the address, and the speech of the hon. member for Huron North (Mr. Deachman), together with several other speeches that have been made by his own followers. These hon. gentlemen, after many flattering allusions to the government, sought to impress upon them the seriousness of the situation in their own districts. I ask the right hon. gentleman to ponder these words and to give consideration to the situation in Canada. We have the railway problem; we have dominion and provincial rapprochement, which calls for leadership at this time. To-day we have nothing in Canada but discord, more so than at any other time since confederation. The Prime Minister came into office with a large majority, with eight provinces behind him, and what has he to-day?

Mr. MACKENZIE KING: A bigger majority.

Mr. STEVENS: He has his majority simply because of the matter of the constitution, but he has discord in the country and he has not that friendship among the provinces which he had when he came to office. Effective unemployment and relief readjustments are needed. Economic advance and security; strong government, with the emphasis on administration and not on legislation—these are some of the problems that he should meet. Truly, sir, the country is torn with fear and hatred, discord and greed. The task of parliament and the duty of the government is to banish these ghouls of despair and to give leadership that will replace hatred with tolerance; to banish fear and inspire courage; to bring stability and cooperation where now there is discord and restore the rule of justice so that greed no longer shall control the lives of men in our country.

Mr. VICTOR QUELCH (Acadia): First of all, Mr. Speaker, I should like to take this opportunity of congratulating the group to my right, the Cooperative Commonwealth Federation, on their amendment, which is as follows:

> We are of the opinion that these conditions can be remedied only by the effective control of financial institutions and monopolistic enterprises which are exploiting the Canadian people.

I can assure that group that they will receive our wholehearted support in regard to this amendment.

Mr. SPEAKER: Order. There is too much noise in the chamber. I would ask hon. gentlemen to keep order. I can hardly hear the hon. member who is speaking.

Mr. QUELCH: I should like also to congratulate my hon. friends to my right on their apparent change of front in regard to this question. You will remember, sir, that back in 1936 the hon. member for Rosetown-Biggar (Mr. Coldwell) introduced a motion calling for the nationalization of our banking institutions. At that time we stressed the fact that we did not feel that ownership was a matter of paramount importance; but we did feel that it was absolutely essential to take whatever action might be necessary to obtain absolute and effective control of financial policy. Hon. members will notice that this motion stresses the necessity of obtaining effective control. No reference whatsoever is made to public ownership, and therefore, in conformity with the stand we have taken in the house and outside, we intend to support the amendment to the amendment.

In passing, perhaps I should congratulate the hon. member for Athabaska (Mr. Rowe), because we feel he may possibly have been instrumental in bringing about this change in front. We have listened with a certain amount of apprehension and a great deal of regret to the addresses attacking a guaranteed price for wheat in western Canada which have been made inside and outside the house by hon. members representing eastern Canada. The very people who make these attacks will talk glibly about the need for tightening the bonds of confederation and for a better spirit of unity in Canada. Yet in connection with this matter they adopt an attitude which appears to me to be one of extreme selfishness, inasmuch as they take the stand that the farmers of western Canada should be prepared to sell on the open market

at world market prices, at a time when the people of eastern Canada are benefiting through the operations of a protective tariff, a tariff which operates greatly to the disadvantage of western Canada.

Such an attitude is bound to weaken the bonds of confederation. It is bound to bring about disunity in Canada, and I believe it is to a great extent responsible for observations regarding secession which are continually heard in western Canada. That part of Canada bitterly resents this form of exploitation. In the past the cry seemed to be that the west could pay more, and apparently the slogan of "soak the west" was adopted. That has been evidenced by higher interest rates, higher freight rates and higher sales prices. It used to be a common occurrence to pick up a periodical and see the prices of certain articles listed at certain amounts, and then below one would find the notation that west of the great lakes the price would be so much higher. That difference in price was generally considerably more than just the difference in freight rates. In the past the attitude has been that the farmers of western Canada must be prepared to sell on the open market and, at the same time, to pay highly protected and restricted prices for practically everything they buy.

We hear a great deal about the benefits of the so-called open market system, and for a few moments I should like to speak on the subject. The open market system is generally referred to as the free marketing system, based upon a theory which was prevalent during the middle of the last century, that free competition would bring about a just equilibrium between the prices of goods in various industries, and that goods create a demand for goods.

Could we say that the system has operated to bring about those results? Has it had those results, so far as the farmers are concerned? Has it brought about a just equilibrium as between the prices of goods the farmer sells and the prices of goods he buys? If that has not been the case, then we cannot say that the system has operated as a free marketing system. I believe the main reason for the failure of the present system to operate in that way lies in the fact that industries have organized into trusts, combines and cartels for the purpose of maintaining, controlling and fixing prices. Trade unions have fought a reduction in wages, in the face of falling prices for commodities that they produce. And may I point out that I am not criticizing trade unions for that action. It was absolutely essential, if the workers were going to be able to maintain a decent standard of living.

Governments have raised tariffs at the behest of industry, in order to maintain higher price levels. The result of all this has been that the farmer has had to pay a highly protected price and at the same time has had to sell on an open and unrestricted market.

As an example of the extent to which industries have controlled production in order to maintain higher price levels I should like to quote from a memorandum submitted by Mr. J. T. Hull, on behalf of the Manitoba cooperative conference to the royal grain inquiry. I quote this from page 5:

> In January, 1935, the secretary of the United States Department of Agriculture submitted to the United States senate a document prepared by Gardiner C. Means of Columbia university, entitled "Industrial Prices and their Inflexibility." The following table taken from this document shows the relation between price level and production for certain industries from 1929 to the spring of 1933:

	Permanent drop in prices	Permanent drop in production
Agricultural implements	6	80
Motor vehicles	16	80
Cement	18	65
Iron and steel	20	83
Auto tires	33	70
Textile products	45	30
Food products	49	14
Leather	50	20
Petroleum	56	20
Agricultural commodities	63	6

Hon. members will notice from the table that where there is free competition a decreased demand results in a greatly reduced price, with only a very slight drop in production. For example, in connection with agricultural commodities it will be noted that the permanent drop in prices stood at 63, whereas the permanent drop in production stood at only 6. Under the protective system the decreased demand results in a large drop in production and only a very small drop in price. We note that in connection with agricultural implements the permanent drop in price was only 6 per cent, but the permanent drop in production was 80 per cent. In other words, the greater the control of production, the less the fall in price.

Of course the only sane solution is to increase the effective demand by increasing the amount of money in the hands of consumers. But that argument will not hold where the production of any commodity is in excess of the actual physical demand throughout the world. We hear a great deal as to whether or not the farmer has a right to demand a price equal to the cost of production, and for a few moments I shall deal with that subject. Some hon. members have stressed the fact that the farmers of western Canada do not

want to be subsidized. They say they do not want a guaranteed price. On several occasions the hon. member for Moose Jaw (Mr. Ross) and the hon. member for Huron North (Mr. Deachman) both members of the Liberal party and supporting the government in power, have stressed that fact. But would anyone suggest for a moment that there is any likelihood, any probability or even possibility that action will be taken whereby the people of Canada will be able to buy at world market prices. That being so, and as there is no likelihood or possibility that such action will be taken, I maintain that the farmers of western Canada have every right and justification for demanding a price equalling cost of production.

Then, another point: Even though it were made possible for the farmer to buy at world market prices, if the debts he has incurred through working under this unfair system are ever going to be paid, he will have to secure a price not only equal to cost of production, but one which offers a fair profit. I say that, because accumulated debts of the past are not included in cost of production. The only way they can ever be paid is by the farmer being able to get a fair profit.

If on the other hand we are going to allow prices to fall, the farming industry will become bankrupt and it will be only a question of time before we shall have to retrace the ground already covered by the Farmers' Creditors Arrangement Act.

On several occasions, speaking outside the house, the Minister of Mines and Resources (Mr. Crerar) has stressed the fact that the farmers have no right to demand a guaranteed price, where that price is in excess of the world market level. The reason he gives is that it would be placing a burden upon the taxpayer, and that the farmers have no right to expect the taxpayers to assume that burden. It seemed strange to me that a man who has been so closely connected with the west, and who has taken that stand, should not have also taken the stand that the manufacturers or industrialists of Canada have no right to expect that the burden of the tariff under which they benefit will be assumed by the Canadian people. On the one hand we hear that the farmers have no right to demand a price equal to the cost of production, because it will increase the taxpayers' burden, but there is no mention of or reference to the manufacturers. I shall deal with the matter again later on.

I am sure the Minister of Finance (Mr. Dunning) is far too much interested in attempting to balance the budget to be willing to give up the revenue derived from the tariff. At this point I should like to say that there can be no credit given to a minister of finance who balances the budget upon the misery of the people. The balancing of a budget is only a means to an end, and that end must be the bettering of conditions in Canada. If by balancing the budget we increase the misery of the people and bring about greater poverty, then I say there can be no credit to a minister of finance or to the department he represents. Therefore I say as there is little likelihood in the near future that the farmers will be able to buy at world prices; that trade unions will agree to wages falling in line with agricultural returns, or that the debts incurred by these industries will be cancelled. I maintain that the farmers have every right to demand a price equal to the cost of production, plus a fair profit.

There is another side to this argument upon which I should like to touch, the one raised by the Minister of Mines and Resources (Mr. Crerar). Have the people of Canada any right to protest against the demand of the farmers for a fixed price equal to the cost of production? Let us examine that argument. To grow a crop of wheat costs money and it results in payments being made to various industries and various individuals. Payments must be made to machine companies, insurance companies, merchants, railways, bankers and other organizations and individuals. The payments distributed in the process of raising wheat represent incomes to these various individuals and organizations and the aggregate of those payments represents the farmer's cost of production. Therefore, in demanding a price equal to the cost of production the farmers are only taking back from society that which they have distributed already. In other words, when a farmer produces at below the cost of production, he is subsidizing society to that extent.

I am not suggesting that a guaranteed minimum price is a solution to the problem of marketing wheat or to the problems faced by any other primary industry, but it is an essential step that will have to be taken until that problem has been dealt with adequately. I am satisfied that in the future governments will have to assume far greater control over production and distribution than they have in the past. Dealing specifically with wheat, by increasing production in excess of the actual effective demand, even in excess of the actual physical demand of the world, we are really lessening the value of our markets. To-day the surplus of wheat is used as an excuse or as a reason, whatever word you want to use, for forcing prices down.

Would it be desirable for the exporting nations to take steps to reduce production to where it would only meet current demand? I think we are all agreed that such action would be very dangerous from the point of view of the importing nations. Should a serious world drought occur, the importing nations might find themselves in danger of actual famine. However, as long as the surplus is used as a reason for forcing prices down, this appears to be the only logical step the producers can take. For this reason, if for no other, I think the importing nations should be prepared to pay a fairly moderate minimum price in the face of actual surpluses of wheat.

We find that to-day four nations contribute approximately 86 per cent of the world's imports of wheat. These countries are Australia, Argentina, the United States and Canada. Unquestionably these four dominate the wheat situation. I urge that Canada take the initiative in calling a conference of these four nations for the purpose of making a thorough investigation into the whole question of a fair economic price for wheat, taking into consideration the cost of production and other contributing factors. Both inside and outside the house the Minister of Agriculture (Mr. Gardiner) has taken the stand that this matter is more the responsibility of the United States than of Canada. The reason he gave for this contention is the fact that the United States have increased their acreage by some 15,000,000 acres. At an estimated rate of production of twenty bushels per acre, this represents a surplus of some 300,000,000 bushels. However, I would point out that the United States has taken steps to place only 100,000,000 bushels upon the export market.

Rather than try to place the responsibility for this problem upon the shoulders of the United States, I think we should admit that the problem is of greater concern to Canada. Over a period of ten years the United States has exported an average of only 9·5 per cent of her total production, whereas over a similar period Canada has exported approximately 61·8 per cent of her production. If the four countries I have mentioned could get together and could come to an agreement as to what a fair price would be and what steps might be taken to control production, then an international conference might be called at which all the cards could be laid upon the table face up and an attempt made to bring about an agreement whereby this minimum price would be guaranteed. If this international conference should fail; if the importing nations should refuse to recognize the justification for such a demand, then I think the exporting nations would be justified in taking the steps necessary to remove the surplus wheat from the world. I do not suggest that this should be done by the destruction of the wheat; it could be done by the proper control of production and marketing.

I realize that restrictions on production are opposed on various grounds. The main opposition is based upon the ground that a reduction in acreage means a loss of wealth, and also that it would be impossible to enforce a reduction in acreage on an equitable basis. I shall deal with the first contention. That statement is nonsense when you are dealing with a country that is on an export basis because you cannot assess the value of a country's wealth by quantity alone. You must take into consideration its exchange value. As an example I would refer hon. members to what happened in 1932 and 1937. In 1932 we exported three times as much wheat as we did in 1937; yet we received $22,000,000 more in 1937 than we did in 1932.

As far as the second point is concerned, I would oppose the blanket reduction in acreage because I have yet to hear of a plan whereby that can be brought about on an equitable basis. On the other hand, I would advocate an aggressive policy of taking marginal lands out of production. This type of land aggravates our problem. In exceptionally good years it will produce a certain amount of wheat which helps to swell the surplus. In poor and dry years practically no wheat is produced on this type of land, and this at a time when production would in all probability be useful. Once this land had been taken out of wheat production it could, in some instances, be irrigated and used for the production of sugar beets and forage crops. If, on the other hand, it was not suitable for irrigation, or if at this time the land is not needed for purposes of production, it could be sown down to grass and preserved for a future emergency. Then in years to come, if that land was needed for grazing or hay purposes, it would be in a good condition to supply the needs of the country. Evidence to-day proves overwhelmingly that the problem of a fair market price will never be solved permanently until steps are taken to cooperate with other major exporting nations in exercising control over the production and the sale of wheat. This, I believe, would require a compulsory wheat board, and I am satisfied that the majority of farmers in western Canada to-day would support the idea of a compulsory board. I say that in spite of anything which may be contained in the Turgeon commission report.

That report takes the stand that there are some farmers in Canada who are opposed to a compulsory board and for that reason we would not be justified in putting it into operation. Of course that is nonsense, because you meet the same objection towards all legislation; you never get a unanimous decision on any question. You must put into operation the legislation which is of the greatest benefit to the greatest number of people.

I believe that the report of the royal grain inquiry commission was a great disappointment to all progressive farmers. I think it must be condemned for adopting a weak, timid and grovelling attitude. It stresses time after time that nothing must be done which might possibly indispose importing nations towards us. In other words, we must go down on our knees and beg importing nations to take our wheat at any price. There is one paragraph to which I take special exception; it will be found on page 158, and it reads as follows:

If ever again circumstances should induce the government of Canada to intervene in wheat marketing by paying the producer a price in excess of world prices, no attempt should be made to enforce that excessive price overseas, that is, to pass the burden of our relief to the producer on to the overseas buyer. He will not accept the burden. And in the long run all attempts to pass it on, by withholding supplies or otherwise, will prove detrimental to the producers themselves, because it will again indispose buyers towards Canadian wheat.

I would comment that, when we are trying to procure a fair minimum, moderate price based upon cost of production, by no stretch of the imagination can that price be termed an excessive one. On the contrary, when we sell to a foreign nation at a price considerably below cost of production, we are to a certain degree subsidizing that nation and asking the producers of the goods so sold to bear the burden of that relief. In so far as indisposing buyers towards us, so long as cooperative action is taken by the four major nations to procure a moderate price there should be little or no danger in that regard.

As a matter of fact the necessity of the control of production is recognized by the European grain trade and, seeing that the Turgeon report stresses so many times the fact that we must do nothing to indispose the grain buyers of Europe towards us, I should like to quote from a circular from the grain trade to be found on page six of the *Farm and Ranch Review*. I quote as follows:

In a trade circular issued by Messrs. Weil Hermanos & Co., of Rotterdam, Holland, it is pointed out that subsidies are now paid to export wheat producers in fourteen countries. It comments as follows:

[Mr. Quelch.]

"From the above it appears that no exporting country can export a bushel of wheat without some sort of subsidy. There is no country in the world, either in the exporting or importing countries, which can produce wheat at a price arrived at in free competition without government assistance. The importing countries do not wish to have imports of foreign wheat at low prices. In other words, there is nobody in the whole world who has any interest in low prices at all, and yet prices are low, very low. All this seems stark lunacy!

If this system should be continued, there must arrive a point sooner or later when it will break down, when a complete chaos will reign in the world of wheat. There will be a regular wheat war raging, a war which certainly will not contribute to create an atmosphere favourable to a better feeling all around the world.

What is the use of such a mad race to get as much as possible of the share of exports when the total is strictly limited, and when the lowering of prices can only increase the total of wheat consumption by the relatively small amount used for stock feeding?

We believe, therefore, that this state of affairs cannot continue, and that some sort of general agreement amongst the various exporting countries will be reached, although we quite realize that a similar agreement broke down a few years ago, and we also quite see the danger of such an agreement to free trading in the world.

Such an agreement may not be a permanent measure but only temporary until the present time of overproduction or underconsumption will be over . . . fixing of such an export quota will alone be sufficient to bring the price up again to such a level that subsidies will become unnecessary. . . .

After all, there are far more serious consequences behind the wheat crisis than just the fall in wheat prices alone; we need only remember that in 1929 the general world crisis was preceded, and in the opinion of many, was originally caused by the agricultural crisis."

This article by the grain trade stresses the fact that the present policy is one of stark lunacy. It states that some sort of general agreement among the various exporting nations will have to be reached. That is stated in spite of the fact that the Turgeon commission report holds that such action would indispose the grain trade towards us. It also states that the fixing of an export quota alone will be sufficient to bring the price up again to such a level that subsidies will be unnecessary. I have quoted this article to show that the timid attitude of the Turgeon commission report does not necessarily represent the attitude of the European grain trade.

Another approach to this problem is that of stimulating the home market through chemurgics, that is by applying science to work in industry so as to use more edible and non-edible farm products. Great strides have been made in this direction in the United States by the Farm Chemurgics Council

Incorporated. I recognize that a great deal of work has already been done in this regard in Canada through the research council, but I believe that the federal government might well give added financial assistance in order that everything possible shall be done to increase their activities.

But in this regard I should like to sound a word of warning. If such action displaces the materials that we are importing at the present time, it will still further restrict the market for our exports. If, on the other hand, it means utilizing farm products in addition to present imports, it means an increase in the aggregate of our manufactures. In either case the result would be lack of markets for goods produced by such action. Therefore once again we are met with the same old problem, one that we have stressed time and again in this house, that if we are going to be able to increase the general well-being of the Canadian people to the full capacity of the country to supply it, we shall have to increase the purchasing power of the people; that is, we shall have to issue the money that is necessary to convert the great physical demands of the people into an effective demand against the production of the country.

Briefly to summarize my suggestions, I would advocate:

1. That Canada should take the initiative in calling an international conference for the purpose of controlling production and stabilizing prices.

2. That every possible assistance be given by the federal government for the purpose of stimulating the home market for agricultural products through chemurgics; recognizing, of course, that such action will increase the wealth of the country and therefore necessitate that steps be taken to increase the effective demands of the people of Canada against this new wealth.

3. That until steps have been taken to solve the present problem, the government should maintain a minimum price based upon the cost of production plus fair remuneration.

I have addressed my remarks chiefly to the problem of wheat, because that is probably the main agricultural problem. On the other hand, I feel that all farmers and all primary producers are justified in demanding a guaranteed price for their products. So far as the burden that may be created by such action is concerned, we feel there would be no difficulty; providing this government would institute the program which, before the election, it pledged itself to carry out, namely, to make currency and credit available in terms of public need. We shall be dealing more fully with that side of the picture at a later date.

Mr. A. G. McAVITY (St. John-Albert): I wish to add my tribute of congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address. I wish also to express the delight we in the loyalist city of Saint John feel at the prospect of a visit from their Majesties the King and Queen. We are sorry that they are not scheduled for a longer stay with us, but you may depend upon it, Mr. Speaker, that the mayor of our loyalist city will prepare for them a hearty welcome. From all parts of the constituency of St. John-Albert the people will turn out to see their majesties either at Saint John or at Moncton, and those who are now children will hand on to their children's children the story of the big day when the king and queen came to visit us in New Brunswick.

To-morrow night at Saint John the Right Hon. R. B. Bennett will be tendered a banquet on the occasion of his departure for the new home in which he has elected to spend his remaining years, his home in England. The right hon. gentleman is a native son of Albert county, and I am sure I should be recreant to my duty if I failed to tender to him on this occasion our best wishes for his success and health and happiness. We believe he will take his place with Beaverbrook and other native sons.

I am going to deal first with the question of unemployment. The Minister of Agriculture (Mr. Gardiner) referred to the hard times of the 1890's, but he neglected to remind the house that Tory policies were in effect until 1896 when Sir Wilfrid Laurier came into power and the hard times disappeared. It will be perhaps of interest to the house to recall how the city of Saint John at that time set about solving its own problem of unemployment by developing a great port. Grants in aid and other forms of federal assistance were not then available. I believe I can best picture to the house the conditions at that time by quoting from an article written by Mr. Ian Sclanders, one of the most promising of the young journalists of the maritime provinces. Referring to those hard times in the nineties he wrote the following in a souvenir booklet which was published in Saint John in 1935 on the occasion of the late king's silver jubilee:

> There is unemployment in St. John. The city council has instructed the board of works to ascertain what can best be done to provide work for the jobless. The city's economic structure is being buffeted first from one side, then from the other, in the changing condition of the middle 90's. In the midst of this St. John has one bright hope. St. John decides to become a great national port. The transportation interests had adopted Portland, Maine, as Canada's winter port. Long trains of Canadian

freights moved to and from Portland, Maine, over the lines of the Grand Trunk railway. Work that should have gone to Canadian railwaymen, Canadian port workers, was being given to the labourers of a foreign country. The Canadian government was subsidizing the Allan and Dominion lines to carry his majesty's mails from the United States port of Portland.

In St. John the common council was instructing the board of works to ascertain what could best be done to provide work for the jobless. And in St. John the tide of indignation was rising! By the end of 1892 the city had well over $200,000 invested in its effort to make this a national port, nor was there anything but idle facilities to show for the expenditure. It was disappointing, of course, but it did not discourage. The city met "passive resistance" on the part of the federal government and the transportation interests by pouring more money into port facilities in 1893 and 1894.

In a period of five years—and as yet with no employment for waterfront workers, no port business to show for it—the city had made an investment on the west side of upwards of $1,000,000. Nor were these expenditures to stop then. Up to the time the dominion took over the harbour in 1928 St. John's investment in port facilities amounted to some $2,000,000.

It is doubtful whether in all Canada any other city has so courageously and with such unswerving conviction expended its own funds to build a national institution and mould a national policy. St. John virtually gave Canada an all-year port. To-day, even though not always adhered to, a national transportation policy is an actual fact—a fact that means the employment of thousands of Canadians and the annual disbursement of millions of dollars in wages. How much the indomitable efforts of those old leaders of St. John had to do with the establishment of this policy is difficult to say. A lot, certainly.

I endorse what Mr. Sclanders says in that article. Saint John is peculiar in that up to 1928 the development of the port of Saint John, with respect to terminal facilities for the servicing of ships, and the generation of commerce through the port, was carried on by residents of Saint John to the tune of about $50 per capita. This is in direct contrast to other ports across Canada whose facilities and enterprise in developing business or commerce had been for many years a responsibility of the dominion government through local harbour commissions. In other words, the entire resources of the dominion government were behind certain national ports. If you examine the situation at the ports of Montreal or Quebec you will find that for the last forty years practically all terminal facilities have been owned and operated by the dominion government. It is now recognized that the cities in which national ports are located are not financially able to develop, and should not be alone responsible for the development of facilities and the generation of commerce for dominion trade.

It was our present Prime Minister (Mr. Mackenzie King) who inaugurated the national port policy in 1928, whereby the port of Saint John was made a national port and its facilities were increased and improved. After the transfer was made from the city of Saint John to the federal government there was an increased interest in our port. Instead of going to the city hall with suggestions and complaints, people went to the harbour commissioners' office. From 1928 to 1936 there was intimate contact between the people of Saint John and the port management. I regret to say that this intimate contact does not exist to-day. Close contact with port workers and users who are vitally interested in the success of their port should be encouraged, not stifled; developed, not destroyed. When the national harbours board took over the control of Canadian ports and centralized that control in Ottawa it took away much of the initiative which inspired the local people but which they now have no opportunity to express. Notwithstanding the recommendation of Sir Alexander Gibb that considerable latitude should be allowed to port managers, these port managers have been given no initiative whatever. What is more important, with the removal of any stimulus to enterprise on the part of the local officers at each port, this board in Ottawa makes no attempt to set up any organization directed towards maintaining even the volume of business which ports now under its jurisdiction previously enjoyed. Agents in Canada of United States railroads are very actively canvassing to get this business for their own ports. To offset this I feel that the national harbours board should have a traffic department directing business through Canadian ports.

On the subject of unemployment, permit me to put on record that the federal government is the largest employer of labour in my constituency. I have not collected the exact figures, but there are about 500 permanently on the government payroll. The second largest employer of labour is the St. John Dry Dock & Shipbuilding Company, which is subsidized by the government. In addition the harbours board spent $333,000 on capital account and $88,000 on maintenance. Also $45,000 was spent on our airport, and a loan was made of $115,000 at two per cent to build a hospital. In addition there were contributions towards relief, and larger expenditures than usual by the public works, fisheries, national defence, mines and resources, and other departments. There is no evidence of any lack of federal aid in my constituency. Moreover, port workers collected for the year 1938 a total wage of $1,181,759 which is slightly higher than the figure for 1937. We were a

little disappointed that the port figures for this year were slightly under those of last year. The total tonnage handled dropped from 2,018,412 to 1,930,525 tons. If December grain shipments had been forthcoming in the same volume as last year we should have been 27,408 tons to the good instead of 87,887 tons behind. But the dock labourers got more money, notwithstanding the slight drop in tonnage. Not much labour is employed in handling grain; one carload of package freight will distribute more wages than many carloads of grain.

I am of the opinion that the new trade treaty has not been in effect long enough to show any results. Our grain shipments dropped from 131,903 tons in December, 1937, to 16,508 tons in 1938, but this was before the treaty went into effect. It may have been due to the fact that the elevation charge for handling grain at certain United States ports has been established for some time at half a cent a bushel as compared to a rate of one cent a bushel at Canadian ports under the jurisdiction of the board. It seems clear that our harbours board should see to it that our ports are freed from this handicap. I am told that there is some dispute as to whether the harbours board or the railways should make the reduction, but my contention is that the rate should be dropped at once, so that trade will flow through our ports; a settlement can be arranged later between the harbours board and the railways.

It seems probable that most of the drop in our December shipments was not due either to the treaty or to the difference in elevation charges just mentioned, but rather to the lower ocean rates on the Pacific coast, which have drawn trade away from the Atlantic. I am surprised that the hon. member for Kootenay East (Mr. Stevens) did not have this information when he was speaking recently. The total shipments through all Canadian and United States Atlantic ports during December dropped from 6,007,000 bushels in 1937 to 1,175,000 in 1938. What could we expect under those circumstances but a drop in the amount of grain handled at the port of Saint John during December? Moreover I am informed that there is very little grain at the bay port elevators. That being so, I am afraid there will not be much brought to Saint John or Halifax during the present winter.

Recently at the port of Halifax the storage of grain has been made absolutely free. It seems apparent that action should be taken immediately to put Saint John on an equal footing with her sister port so that she also may have this advantage. Moreover the national harbours board should be just as smart as the agents employed by our United States cousins in soliciting traffic in Canada for ports under their control. We were given to understand that port charges of all kinds would be equalized, and that rate cutting as between ports would be abolished. It is very hard to reconcile this policy with the present grain elevator tariffs in Saint John and the granting of free storage on export grain at Halifax as well as at the port of Quebec during the summer. As recently as September 13, 1938, the Minister of Transport (Mr. Howe) at Saint John gave assurance that the harbours board would not build up one port by deviations from tariff rates at the expense of other ports.

The financial reports of the harbours board show that considerable progress has been made in reducing expenses, and that additional revenue has been raised by revising tariffs. But I can assure those interested that we who come from cities in respect of which the port is a weighty factor in the economic life of the community are very much interested, and wish to see a more active canvass made for trade through our ports. The Canadian Pacific steamship lines usually take enough grain, if they can get it before the close of navigation on the great lakes, to ballast their vessels operating from the port of Saint John during the winter months. Apart from that I cannot see anyone sufficiently interested in securing traffic through our ports. The responsibility for the development of business through the port has been taken away from the local people and now lies right with those who own, administer and operate the national terminals. If the national harbours board make a real effort to build up trade for our ports; if they paint the picture in its true perspective and fail to get Canadian shippers to use Canadian ports; then, if we are doomed to suffer after a real effort has been made, the loyalist city of Saint John will not complain. You may depend upon it, Mr. Speaker, that Saint John, if it must, will take the bitter end of the bargain in order that the rest of Canada may benefit by the generally sweet terms of the treaty.

In dealing with the matter of grain shipments last week the Minister of Agriculture (Mr. Gardiner) remarked that the source of supply for maritime ports was the bay port elevators. We often wonder why maritime ports should be dependent upon the bay port elevators when, from Prescott to Quebec, there is storage for twenty-five million bushels of wheat, and those elevators are located approximately only half the distance from the maritime ports. It may be that the top wharfage which the harbour board imposed at

these ports is killing the business. This is another matter I think should be looked into, in the interests of efficient transportation. It is always cheaper to carry grain by water than by rail; and if as a matter of policy the grain can be brought down to Prescott, Montreal or Quebec the rail haul to Saint John thereby would be shortened.

Since 1890 we have had unlimited confidence in the port of Saint John as the outlet, naturally and geographically, best located to handle Canadian export and import trade. This opinion was confirmed by Sir Alexander Gibb, who in his report stated:

> The port of Saint John holds a very important place in the national transportation system. Although it has a longer rail haul from Montreal than either Portland or Boston, it affords the only means of meeting the intense competition from the more favourably placed United States Atlantic seaboard ports, on terms that are not wholly disproportionate from the economic, business and traffic points of view.

Since 1935 I have noted with pleasure and satisfaction that those policies which our leader initiated, notwithstanding the very troublesome world situation, have been reflected in increased shipments through our ports. It is gratifying to note the shipments of native lumber, pulpwood, potatoes and other commodities produced in New Brunswick. Every ton of these exports represents increased purchasing power for New Brunswick producers and manufacturers; and, through them, purchasing power for the labour employed.

It seems to me that we may expect the new trade treaty to be beneficial both politically and economically. I think the Minister of Agriculture showed conclusively that we need have no fear that the removal of the six cent preference on wheat will have serious results. In his speech of January 19 he gave the figures for the five year period before 1932, when the British preference began, showing 791,840,000 bushels of Canadian grain and 135,360,000 bushels of United States grain going through Canadian ports. During the next five years, when the preference was in effect, the figures were 551,815,000 bushels of Canadian grain and 6,061,000 bushels of United States grain. And if more assurance were needed we had it to-day from the Minister of Trade and Commerce. Let me point out also that profitable cargoes of package freight and an increased volume of trade in general are results that I believe will follow as this treaty takes effect. Increased world trade has always been the Liberal policy and you can depend upon it, Mr. Speaker, that this treaty will have more benefits than handicaps. I believe a few years from now history will record this treaty as the finest yet made.

This brings me to another matter referred to in the speech from the throne, the question of defence. Where could any attack be made on this country except on her coast line? Any attack from the frozen north is highly improbable; any attack from our good southern neighbour is inconceivable. If any attack is made it will be directed, probably, chiefly against key positions at rail and transport centres which would be supplying materials of war. We urge the Minister of National Defence (Mr. Mackenzie) to concentrate especially on the possibility of attack by submarines or aeroplanes. During the last war it was rumoured that submarines came into the bay of Fundy and sank ships within a few miles of Saint John. In that city we have a detachment of the Royal Canadian Naval Volunteer Reserve, and only to-day I received from Saint John Branch No. 14, Canadian Legion, British Empire Service League, a petition which states:

> Be it therefore resolved that the Saint John Branch No. 14, Canadian Legion, British Empire Service League is of the opinion that along with such defensive measures for the port of Saint John as may now be contemplated or planned for the near future, that the local detachment of the Royal Canadian Navy Volunteer Reserve be increased to a total of three hundred other ranks; that a commander and other necessary commissioned officers be appointed; and that proper equipment and facilities for training a unit of this size be authorized and allocated to the Saint John detachment.

It is conceivable that aeroplanes might attack our coast, but in my opinion the most important thing is the question of transport. In addition to the defence of the coast line should we not also consider more fully our transport system, which will be essential to assist in any world war, even if we are not attacked. We cannot employ our force fully and effectively unless Canadian ports are connected with both Canadian lines without the necessity of travelling over foreign territory. This was a fundamental policy behind the construction of all railways in Canada. The Intercolonial and the National Transcontinental railway lines were constructed to permit, so far as possible, the transportation of supplies through all-British territory, as far away as possible from the international boundary. The only exception to this is the Canadian Pacific short line, the principal artery of the port of Saint John, which passes through the state of Maine. In 1903 the Liberal government under Sir Wilfred Laurier initiated a national railway policy which eliminated Portland and diverted traffic to Saint John and Halifax. As a result of this policy we had the National

Transcontinental railway from Quebec to Moncton for service during the last war. Just listen to the testimony which was given by experts before the special senate railway committee last session. Mr. Walter Appleton, vice president in charge of Atlantic lines, at page 1088, said:

The strategic position of the National Transcontinental railway in time of war will also be apparent because of the fact it is in all-Canadian territory and a sufficient distance inland to be safe from attack by sea. On the other hand, the Canadian Pacific Railway line passes through the state of Maine for a distance of approximately 201 miles or 41·55 per cent of the distance between Saint John and Montreal, and in the event of war could not be used for the movement of munitions and troops unless the United States were an ally. For heavy troop movement the National Transcontinental route would be of great value because of the longer trains that could be handled than on either the Intercolonial or the Canadian Pacific.

Mr. S. W. Fairweather, referring to the Canadian Pacific Railway, states at page 319:

They have no connection except with their line through Maine, which is in part a leased line. Its trouble is that the grades are much less favourable. And just consider what would happen—as it did happen one time—if we were in a position where we had to ship stuff out of Canadian ports over Canadian railways and we did not have the National Transcontinental and we were barred from using the Canadian Pacific lines. The Intercolonial is a poor grade line through settled country and was deliberately made long and roundabout so it could keep in contact with the British navy. It is utterly incapable of supplying the transportation requirements of the maritime provinces. That is it has not got the capacity to do it in a period of stress, and I do not know what we would have done if we had not had the National Transcontinental as a link. Our whole port fabric from 1914 on would have fallen down. We could not possibly have handled the freight.

An hon. Senator: The war years.

The Witness: That is what I mean. I did not want to bring it out exactly that way, but if that line were not available you could not possibly handle through Canada the traffic which would be concentrated on those ports down there, which are highly important from a national standpoint. It would have been utterly impossible to do it. Not only is this the shortest link in Canadian territory, but it has the greatest traffic carrying capacity of any route and is the cheapest route to all points in the maritime provinces east of Moncton.

I heartily concur in every word that Mr. Fairweather uttered, but I want to point out that Saint John is not east of Moncton. It is southwest. To get to Saint John via Moncton from McGivney junction the Transcontinental traffic moves due east a distance of about 97·6 miles, then southwest from Moncton to Saint John 89·3 miles over a second-grade roadbed. On the National Transcontinental a single locomotive can haul 4,000 tons over the National Transcontinental from Quebec to Moncton, but it takes three locomotives to take the same train over this inferior roadbed to Saint John. Then, when these three trains arrive at Saint John they are on the wrong side of the harbour, and must be transferred to the west side by the Canadian Pacific. Last winter port season, the Canadian Pacific bill for the transport of approximately 300,000 tons from Saint John to West Saint John amounted to $156,000. This charge can be avoided annually and the rail haul from McGivney junction can be cut almost in half by going to Saint John via Fredericton over the new bridge which was completed by this government last summer. From McGivney, via Fredericton, is only 99 miles if the Canadian Pacific tracks are used from Fredericton to West Saint John, or 116 by the Valley railway which is owned and operated by the Canadian National. This is, in consequence, not only a short route for the Canadian National to use at all times, but an emergency route which might be used by the Canadian Pacific if they are restricted in wartime on their short line through Maine.

In his national port survey Sir Alexander Gibb made the following statement:

The question of railway services and railway connections is of great importance. To enable the port to be used to its full advantage, it is essential that it should be fully served by both the main railways, and that both should have equal access to each side of the harbour without the heavy charge on the traffic which the present switching rates necessarily involve.

If during September the Right Hon. Neville Chamberlain had not been successful in avoiding conflict, traffic through Maine might now be denied by the neutrality laws of our good neighbour to the south, and our only access to Saint John would be by the longer route of the Canadian National via Moncton.

Sir Alexander Gibb also states:

In my opinion the Canadian National railways should run direct into West Saint John by means of the Valley railway.

Surely, if we are going to spend $50,000,000 for defence of this country, an item of say $1,000,000 to complete a direct line with good grades to Saint John to give our own Canadian National Railways direct access to its nearest seaport, and to give the Canadian Pacific Railway an alternative route, if needed, should be considered seriously at this session. In my opinion we should approve of any reasonable amount to provide unrestricted transport over Canadian territory for both railroads to both of our great national Atlantic all-year ports.

This brings me now to the part of the speech from the throne which indicates that a defence purchasing board will be established.

May I suggest that this board be headed by the strongest dictator that can be found. I should like to see a man there who would shoot at sunrise all profiteers. I served for two years on the imperial munitions board, and it was a surprise to me to discover of some men that although they would proudly send their sons to fight, or in some cases go themselves, when it comes to the business of supplying war materials the firmly ingrained commercial instinct prevails. The men who serve on this board should be fireproof, non-magnetic, and impervious to oil and moisture. It seems to me that the scope of the board should be wider than the purchase of munitions. In Germany in 1914 manufacturers did not assemble in Berlin to see what was the most profitable way in which their efforts and resources might be applied. Immediately on the outbreak of war an ordnance or stores officer stepped into each factory and took charge. Mechanics and other key men were not allowed to go to the front. Plans were produced showing the article to be manufactured, and army inspectors with master gauges were in attendance, so that with little delay and no confusion each factory was commandeered to set to work on its allotted task. The proposed purchase system should include all supplies, not only munitions, but clothing, transport and all things vitally necessary.

I was superintendent of production on the imperial munitions board which sat in Ottawa from 1915 to 1917, and it may interest the house to know that although no private manufacturers had any knowledge of shell manufacture in 1914, this country in 1917 was producing so many shells that we received orders from the ministry of munitions to slow down and to divert our activities to other lines. Before we curtailed production we were shipping 56 per cent of all the 18-pounder shrapnel used by all British armies, about 40 per cent of the 4·5 howitzer shells and about 25 per cent of the 6-inch, 8-inch and 9·2 calibre.

I am glad to note that the Canada-West Indies trade agreement will be given consideration. This treaty means much to the people of New Brunswick. Each year the banana boats come to our port with from 20,000 to 30,000 tons of bananas. A clause in the treaty gives a preference of 50 cents a bunch on bananas provided they are brought into Canada via a Canadian port. As a result we have been receiving bananas by the boatload and shipping them out by the trainload. This was all new business brought into being by the Canada-West Indies trade agreement made in 1928 by the Mackenzie King government. It is a business which continues during the summer months, providing a very welcome payroll for dock workers during the slack season. This year the harbours board installed heating facilities and frostproofed additional sheds, which I hope is an indication that the West Indies trade agreement will be renewed.

This week, on my suggestion, a clause was inserted in a lease made by the harbours board for the largest weir in Saint John harbour, which provides that the lessee must pay forty cents per hundred for all gaspereaux offered by other harbour fishermen. This arrangement was made when the Minister of Transport (Mr. Howe) and the Minister of Fisheries (Mr. Michaud) were in Saint John last September, and it was not my fault that the sale was delayed, causing inconvenience to the fishermen in ordering their twine. I am sure the arrangement will prove of real benefit to all the fishermen of Saint John harbour and will not curtail the export of gaspereaux annually to the West Indies.

On motion of Mr. McNiven the debate was adjourned.

MAIN ESTIMATES, 1939-40

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1940, was presented by Hon. Charles A. Dunning (Minister of Finance) and read by Mr. Speaker to the house.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 5.55 p.m.

Thursday, January 26, 1939

The house met at three o'clock.

DOMINION ELECTIONS

PROVISION FOR TAKING OF BALLOT ON SPECIFIC QUESTIONS OF NATIONAL IMPORTANCE

Mr. T. L. CHURCH: (Broadview) moved for leave to introduce Bill No. 11, respecting balloting on questions of great national importance.

Some hon. MEMBERS: Explain.

Mr. CHURCH: The principle of this bill is to trust the people.

Some hon. MEMBERS: Oh, oh.

Mr. CHURCH: That was a very popular plank of the Liberal platform, to trust the people. The bill is enabling legislation similar to that for many years in vogue in democratic countries. We are living in a new world and have over-government and over-taxation. At present the people have

little or no control over their affairs or national property. The proposal embodied in this bill is found to be in the public interest and most useful, permitting the submission of important national questions to the wisdom and judgment of the electors. The provinces have used it extensively for years through the municipalities, thus providing an opportunity for giving the public a direct voice in government policies. It will create a prerogative of checks and balances and make for government "of the people, by the people and for the people." The governor in council can be thus enabled to submit to a vote any matter of national importance that parliament asks to be submitted, such as constitutional, parliamentary, cabinet and law reform, the transportation question, or any other domestic question, but no matters relating to defence on foreign affairs.

Motion agreed to and bill read the first time.

PRISONS AND REFORMATORIES

PROPOSED SUBSTITUTION OF DETERMINATE FOR INDETERMINATE REFORMATORY SENTENCES

Mr. T. L. CHURCH (Broadview) moved for leave to introduce Bill No. 12, to amend the Prisons and Reformatories Act.

Some hon. MEMBERS: Explain.

Mr. CHURCH: The Prisons and Reformatories Act gives the court jurisdiction to impose a definite and an indeterminate term in a reformatory. The bill proposes to substitute determinate for indeterminate sentences. The several expressions relating to "indeterminate sentence" are found in eighteen sections or subsections of the act and the draftsman considers it inexpedient to amend each of such sections by a separate clause. This bill would revert to the old law of sentences for a definite period only.

The indeterminate legislation has been condemned by many judges and magistrates as inhuman and illegal. Canada's prisons at present are filled with youth, many first offenders, who have been unable to secure work. The lack of employment, by cause and effect, is one of the reasons for crime. Recently the appellate division of the Supreme Court of Ontario in Rex V. Bond, 1937 O. R., page 535, judgment of Hon. Mr. Justice Middleton, questioned and made observations on the legality of such legislation, as the provinces only had fundamentally the right of providing confinement for one year and three hundred and sixty-four days, and also condemned it on grounds of public policy. The law has not acted as a deterrent nor is it reformative. It should be repealed because in practice it confers on officials of these institutions the right to detain those who have not influence enough to have employment awaiting them at the end of a definite period and gives to their decisions the force of statute law.

Mr. Justice Middleton has criticized the present practice. Let me read what he says, in part:

> Many judges and magistrates when imposing an indeterminate sentence address the prisoner somewhat in these terms: . . . "If during this determinate term you prove yourself to be a good prisoner, and comply with the rules of the institution and show a disposition to be law-abiding, the parole board may, at the expiry of the definite term, allow you your liberty. It all depends upon yourself and your conduct as to how much, if any, of the indefinite term you may be called upon to serve."
>
> Thus encouraged, the prisoner proves to be a model prisoner. He gives every indication of his reformation, and is taken at the expiry of the definite term before the board. He is hopeful of liberty and full of good resolutions, and the board announces that by reason of an earlier conviction, a fact well known to the judge who imposed the sentence, they will not allow him parole, and he must serve the indefinite term. I can imagine no situation more cruel and more likely to convert a man really desiring to reform into an enemy of society.
>
> Indeterminate sentences had their origin in Michigan, and have been adopted in many places. Fundamentally reformatories are for up to one year and three hundred and sixty-four days definite, and by being indeterminate are made four years. The legality of the whole thing is questioned and the court of appeal makes criticisms on its usefulness.

Motion agreed to and bill read the first time.

FOOD AND DRUGS ACT

AMENDMENTS TO BROADEN SCOPE AND CLARIFY CERTAIN FEATURES OF THE ACT

Hon. C. G. POWER (Minister of Pensions and National Health) moved for leave to introduce Bill No. 13, to amend the Food and Drugs Act.

He said: The object of this bill is to amend the Food and Drugs Act, to broaden its scope and clarify certain features with a view to increasing its usefulness.

It is thought that foods and drugs should be more clearly defined for purposes of classification and that certain materials not now covered by the act should be brought within the scope of the statute. Means are being sought to make more effective the restraints upon misrepresentation in the marketing of foods and drugs.

It is the intention to bring within the scope of the act certain material used in the practice of surgery and for the purposes of medical diagnosis.

It is the intention to extend the definition of drugs to include certain substances for which no medicinal claims are made but which may be injurious to human health. In addition, there are marketed to the general public, and extensively employed, certain extracts of animal tissues and other substances whose manufacture and sale should be strictly supervised in view of their potency for harm through uncontrolled distribution.

Motion agreed to and bill read the first time.

TRADE AGREEMENTS

UNITED KINGDOM-UNITED STATES-CANADA—REQUEST FOR TABLING OF CORRESPONDENCE

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): I should like to ask the Prime Minister (Mr. Mackenzie King) if there has been tabled the preliminary correspondence with the United Kingdom dealing with what are called the triangular trade treaties recently negotiated. If this correspondence has not been brought down, would it be convenient to have it tabled before the discussion of the treaty in the house?

Right Hon. W. L. MACKENZIE KING (Prime Minister): There has been a great deal of correspondence, much of it, as my hon. friend will realize, necessarily of a confidential nature as affecting other countries. I shall make inquiry and ascertain if there is any correspondence of importance that has not been brought down and which can be brought down without violating any obligations to other countries. It would of course be necessary to get the consent of the British government to the bringing down of any correspondence which they might consider to be confidential.

Mr. MANION: Yes, I understand some may be of a confidential nature. Frankly what we would like is to have the correspondence dealing with concessions that were granted at the request of the British government. Anything of that sort that can properly be tabled we should very much like to have, in order to simplify the discussion when the time comes.

[Mr. Power.]

SASKATCHEWAN RELIEF

QUESTION OF IRREGULARITIES IN DISTRIBUTION SINCE 1935

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I have a question which might properly be directed to the Minister of Agriculture (Mr. Gardiner), but he not being present the Minister of Finance (Mr. Dunning) perhaps can answer it. The question is: In view of the revelation that has taken place through the reports of court proceedings and prosecutions in the Wakaw district with respect to the distribution of relief, which involves federal moneys, will the government consider setting up a commission to make a thorough investigation into the distribution of relief in Saskatchewan since December, 1935?

Hon. CHARLES A. DUNNING (Minister of Finance): I gather that my hon. friend is referring to certain criminal prosecutions. I take it action is already under way by the proper authorities in the province. I cannot go any further than that.

ANTHRAX

REPORTED INFECTION OF IMPORTED JAPANESE SHAVING BRUSHES

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I have a question to direct to the Minister of Pensions and National Health (Mr. Power). Has the government made any investigation into the report that certain imported Japanese goods said to be infected with anthrax germs were seized in Toronto this week by officials of the Ontario department of health working in cooperation with the Ontario provincial police? If so, will the government say what steps are being taken to protect the public from such dangers in the future?

Hon. C. G. POWER (Minister of Pensions and National Health): My hon. friend was good enough to give me notice of his question. If the house will permit I might give a somewhat more extended answer than a merely categorical reply to the question.

On Saturday last the Department of Health received information from the head of the United States public health service, Surgeon-General Thomas Parran, to the effect that a case of anthrax which had been traced to a shaving brush had been discovered in North Dakota, and that it had resulted in a fatality. Immediately investigation was made by the United States authorities. The wholesale dis-

tributing house which handled the brushes was questioned, and certain brushes seized and the hairs analyzed, with the result that a number were found to be contaminated with anthrax spores. Tracing the shipment still further to the distributing house in New York it was found that this house sold these brushes to a large number of variety stores throughout the United States and Canada. The surgeon-general of the United States advised the Canadian Department of Health that a number of these articles had been shipped to Canada, and gave the shipment numbers and the markings on the brushes. It was found that some had been distributed in the provinces of British Columbia, Manitoba, Saskatchewan and Alberta. The health authorities of each of these provinces were advised as to these shipments and the stores to which they had been shipped. The medical health authorities in the other provinces were advised that shipments might have been made into those provinces. We have had replies from the health authorities of British Columbia, who have not as yet completed their investigations, and from Saskatchewan, Alberta and Manitoba, which found no brushes. The Ontario department of health found and seized a number of brushes which had been shipped into this country about two years ago. They are now proceeding to make an analysis, and the report of that analysis will not reach us until early next week. The Department of Health is in communication with the Department of National Revenue for the purpose of tracing any other such shipments to Canada and in order to inaugurate restrictions at the port of entry on similar shipments into Canada.

BRITISH FOREIGN POLICY

REPORTED CRITICISM BY VANCOUVER RESIDENT AND SUBSEQUENT ACTION BY MOUNTED POLICE

On the orders of the day:

Right Hon. ERNEST LAPOINTE (Minister of Justice): On Monday last the hon. member for Winnipeg North Centre (Mr. Woodsworth) called attention to an item which appeared in The *Nation*, a periodical published in New York, to the effect that two members of the Royal Canadian Mounted Police had had an interview with a certain person who had been writing letters to Mr. Chamberlain criticizing British foreign policy in order to dissuade him from writing such letters, and that that gentleman answered that "just so long as postage stamps are available" he would keep on writing. My hon. friend wanted to know what the facts were and whether such action is a part of government policy.

These letters were sent to the Royal Canadian Mounted Police by Scotland Yard, in exactly the same way as Scotland Yard would investigate at the request of the Canadian police. The letters were not only abusive but scurrilous and libelous, contrary to the criminal code and in contravention of the postal regulations of Canada. In undemocratic countries anyone who wrote such letters as these would have been suppressed by methods which are well known. The Royal Canadian Mounted Police merely tried to convince that man that he should not write such letters. If they erred in any way it was on the side of leniency. The unfortunate part of it is that someone in a foreign country, just for the purpose of showing that the system is not good at the present time, should have written an item in disparagement of an administration of justice which bears comparison with the best existing anywhere.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): May I ask, is it usual for Scotland Yard to communicate directly with the Royal Canadian Mounted Police? Should there not be a communication through the Secretary of State? Secondly, have we not courts? Why should there not have been a prosecution, instead of the Royal Canadian Mounted Police acting both as judge and policeman?

Mr. LAPOINTE (Quebec East): Well, Mr. Speaker, it is the practice not only here but in every civilized country that, when they are required to do so, police authorities may investigate for the police authorities of another country, especially in respect of illegal acts. The man who wrote that letter ought to be either in a lunatic asylum or in gaol. I do not think the hon. member is quite fair in criticizing the police for having given a warning to desist from writing those letters. Had the writer of the letters been prosecuted there would have been good souls who would have said that he was being persecuted for having written to Mr. Neville Chamberlain.

Members of the government are receiving letters of that kind. His Excellency the Governor General is receiving letters of that kind, and we are investigating in an effort to find out who are the crazy or guilty ones who are doing it, in order to try to prevent it. I am surprised to hear the hon. member criticize that course of action.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Wednesday, January 25, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Mr. D. A. McNIVEN (Regina City): Mr. Speaker, I should like my first observation to be one of commendation of the hon. members who moved and seconded the address. Both performed in a most acceptable manner a difficult task, before a highly critical audience. Having lived in the constituency of Brandon for some twenty-five years, and having some knowledge of the political history of that seat, I was particularly interested in the effort of the hon. member for Brandon (Mr. Matthews), who established himself as a worthy successor to that amiable and kindly gentleman, the late Mr. Beaubier, and to the long list of outstanding men who have represented that city in bygone years. It is significant that the hon. member who now holds the seat is the first out-and-out Liberal to be elected in Brandon since 1908, and that signifIcant fact establishes the popular appeal the policies of this government have made to a seat which is both urban and rural. In addition, the hon. member came from Prince Edward Island, and forms part of the large group of maritimers who, having thrown in their lot with us, have made a substantial contribution to the building up and development of the last great west.

This is not the first occasion, Mr. Speaker, upon which the hon. member for Stormont (Mr. Chevrier) has captivated the house. I refer particularly to his address delivered in February, 1937, during the debate on the address in reply, upon which occasion he outlined the Liberal attitude towards capital and labour, and indicated a minimum which labour should receive. His address on that occasion will bear frequent perusal and I refer it to hon. members of the opposition who, while they have displayed an interest in jobs, have not shown any particular interest in that partnership of labour and capital which means security for employees. I forthwith exempt from that mild indictment the hon. member for Kootenay West (Mr. Esling), who frequently has brought to the attention of the house the ideal conditions which prevail in the plant of the Consolidated Mining and Smelting Company of Canada, Limited, at Trail, British Columbia. By so doing he has given encouragement to industrialists throughout Canada to follow the excellent example of that company.

May I join with others in extending congratulations to the leader of the opposition (Mr. Manion) upon his selection as leader of the Conservative party and upon attaining a seat in the house. I was somewhat disturbed by a news dispatch of a couple of months ago which indicated that the great Conservative party had decided to abandon western Canada and the maritimes. It was with great relief I heard his declaration that there was no truth in that statement, that the great Conservative party was still an all-Canadian party, and that in future it would function in western Canada. I am glad of that, and the hon. member both as leader of the Conservative party and personally may be assured of a cordial and warm welcome in the capital city of Saskatchewan.

May I extend my personal congratulations to the two new ministers who were honoured a few days ago. They bring to their jobs a long experience and a very high order of merit. The hon. minister without portfolio (Mr. MacKinnon) representing the constituency of Edmonton West, is a western man with an eastern background; the Postmaster General (Mr. McLarty) is an eastern man with a western background, having practised in western Canada for some nine years. They will therefore bring to the council chamber of the nation qualities designed to build an all-Canadian viewpoint.

I also join with hon. members who have expressed their pleasure upon the recovery of the Minister of Finance (Mr. Dunning) from his recent illness, a pleasure which was emphasized by the splendid reception accorded him when he entered the house on the opening day of the session. May I assure him that the sympathy extended to him by his innumerable friends throughout Saskatchewan was paralleled only by their relief and gratitude upon learning of his progress toward recovery, and by their expressed hope that he will soon be restored to that vigour which we in Saskatchewan know so well.

Apparently there was a meeting in Regina a few days ago, the subject matter of which was referred to by the hon. members for Qu'Appelle (Mr. Perley) and Weyburn (Mr. Douglas), who attempted to magnify into something of national importance that which is really just a small and local matter. With that thought in mind the hon. member for Weyburn placed on *Hansard* a certain part of a newspaper dispatch. In order that we may recall the subject matter of the article, I shall repeat it:

Party men to decide.

No jobs for others than Liberals, says Regina M.L.A.

A definite clamp has been placed upon the appointment of Regina residents to posts within the civil service that bars those whose political faith is other than Liberal, B. J. McDaniel, K.C., junior member-elect for Regina, told the meeting of the Liberal council at the Labour temple Tuesday night.

In future, said Mr. McDaniel, "no appointment will be deemed to be properly made unless it bears the initials of Mr. Hogarth (senior member-elect for Regina), Mr. McNiven (federal M.P. for Regina), or myself."

I am firm in the belief, Mr. Speaker, that Mr. McDaniel was either misreported or misunderstood, and in any event this forms an excellent example of what generally happens when a line, a sentence or a paragraph taken from a general discussion, is divorced from its context. A wrong impression of what was intended generally follows. I am confirmed in that belief because I know of no such arrangement as that described in the article in question. Further, in Saskatchewan there is what is known as a public service commission which looks after appointments, and hon. members know the extent to which the civil service commission has control over federal appointments. As an illustration of what I mean, within the last few weeks the provincial government appointed two police magistrates in the city of Regina. I was not consulted with regard to those appointments by any member of the Saskatchewan government, though I did make recommendations on behalf of individuals who asked me so to do.

During the course of that meeting an attempt was made to confine the discussion to the question of temporary appointments in the post office during the Christmas rush. When I was requested to assist the postmaster in securing extra help for the Christmas work I immediately got in touch with the various veterans' organizations, the Canadian legion, the war veterans' assistance commission, the army and navy veterans and the disabled war veterans, and asked them to furnish lists of those whom they could recommend. When the lists were furnished they were too lengthy for the employment that was available, and I asked the officers of these associations to select from their lists those whom they would recommend, having in mind the efficiency of the service and giving the preference to married men, particularly those with small children. This was done, and from those who interviewed me personally asking for employment a list of approximately 175 names was drawn up, which included those who had been recommended by the four service organizations. That list was forwarded to the postmaster in order that he might make the selection of the help he required. Included among the individuals who came to see me was a returned soldier who had walked the streets of Regina for three months without a tooth in his mouth. He had served in France for two years, and I recommended him for employment so as to assist him in purchasing a set of teeth. I also promised him that further assistance would be forthcoming, from some source, in order to complete the purchase of a set of teeth.

No questions were asked as to political affiliations. The list was sent to the postmaster, and he made the selections therefrom as help was required. According to my information from the postmaster, 143 men were taken on during the Christmas rush. Of that number 31 were on what is described as the eligible list established by the civil service commission, who under the regulations were required to be given such employment as was available. Of the remainder 70 were returned soldiers, of whom 69 were married men. There were 42 civilians, of whom 33 had dependents. So I suggest, Mr. Speaker, that this employment was divided on a fair, just and equitable basis, having regard to the efficiency of the service, and in accordance with the generally accepted principle of the greatest good to the greatest number.

Mr. DOUGLAS (Weyburn): I think all will agree that this was very fair, but is it not a fact that the manner in which these appointments were made is exactly what Mr. McDaniel was objecting to?

Mr. McNIVEN: No, that is not so, as the hon. member would have learned if he had referred to Mr. McDaniel's explanation of what occurred at the meeting. I am also informed that all these facts, which are generally known throughout Regina, were disclosed to and discussed at the meeting but were not mentioned in the report, which was the reason for Mr. McDaniel's explanatory statement. There was no complaint on the part of Mr. McDaniel with regard to the method that was followed in making these selections.

As an indication that this method met with general acceptance I have a telegram from F. J. Rowan, secretary-treasurer of the Canadian legion at Regina, addressed to myself, as follows:

Officers and members Canadian legion, Regina branch, express and desire to acknowledge publicly deepest appreciation your efforts in obtaining employment for ex-service men at post office during Christmas rush and on other occasions elsewhere.

May I just mention that there have been other occasions when it was possible to provide employment in connection with work being done under the direction of the Department of Agriculture. Substantially the same method was followed on those occasions, with the approval of the Minister of Agriculture. Then I have another telegram from R. D. Lamont, secretary of the war veterans assistance commission at Regina:

No complaint from veterans' assistance commission re Christmas post office employees. Your cooperation entirely satisfactory.

I venture the opinion, Mr. Speaker, that the hon. member for Weyburn (Mr. Douglas) could not conceive, much less execute, anything fairer than the manner in which the responsibility was discharged on this occasion. And, sir, that plan has been followed consistently since and including 1935, notwithstanding the fact that we in the city of Regina and the province of Saskatchewan had a harrowing experience with a coalition government made up largely of Conservatives but kept in office through the votes of friends and supporters of the Cooperative Commonwealth Federation group in this house. Between 1929 and 1934 that government dismissed hundreds of employees for no reason other than that they were Liberals. Men and women who had been employed by the government for twenty or twenty-five years were dismissed; and, sir, it is singular that Mr. McDaniel, who is the hero of this tempest in a teapot, was himself an employee of the provincial government in 1929.

In 1930 he was dismissed from office by that government notwithstanding the fact that he was a returned soldier, notwithstanding the fact that he had been decorated upon the field of battle and notwithstanding the fact that he had been seriously wounded and was able to progress down the streets of Regina only with the assistance of a cane. Members of the legislature friends and supporters of the Cooperative Commonwealth Federation group in this house by their votes kept that government in office from 1929 to 1934. But the hand of retribution fell heavily on them; for not a single supporter of that government was returned to office in 1934.

Mr. COLDWELL: I rise to a point of order. If I do not misunderstand my hon. friend, the statement was made that the Cooperative Commonwealth Federation members in this house kept that government in office during those years. I would say that that statement is incorrect.

Mr. McNIVEN: The friends and supporters of the Cooperative Commonwealth Federation members in this house. Mr. McDaniel was elected to the provincial house on November 24 last. He was elected by a majority of over 4,000 over his Conservative opponent, by a majority of over 6,000 over his Cooperative Commonwealth Federation opponent—who was supported by the hon. member for Weyburn (Mr. Douglas)—and by a majority of over 10,000 over his Social Credit opponent, a cause with which the hon. member for Weyburn was in 1935 allied. I apologize for taking up so much time in dealing with this trifling incident.

Mr. PERLEY: The statement the hon. member has made is apart from the record. If he will take the quotation he will see it reads, "In future—"

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. gentleman has a right to put a question to the hon. member who is speaking, but he should not make a speech.

Mr. PERLEY: He should deal with the matter as reported.

Mr. McNIVEN: The hon. gentleman will appreciate how difficult it is for me to deal with it when I was not present at the meeting. I say that I have no knowledge of any such arrangement at all, and I can only repeat that. I believe that Mr. McDaniel has either been misreported or misunderstood, or the phrase has been taken from its context, with the damaging results that have been indicated.

I shall make only cursory reference to certain passages in the speech from the throne. Notwithstanding the continued efforts of its critics to weigh the speech from the throne by avoirdupois, or to measure it by yardage, by verbiage, by wordage and other methods, it becomes increasingly apparent that the speech from the throne is broad and comprehensive. When elaborated, as it was during the course of this debate by the Minister of Labour (Mr. Rogers), it is found to contain a broad and comprehensive program intended to carry to the homes of the people of this country the benefits of the policies of this government. So far as we in the west are concerned we welcome these trade treaties. We welcome the Canada-United States treaty in the same terms as it has been acclaimed in eastern Canada. The treaty of 1935 showed direct and positive benefits to those of us who reside in western Canada. As the Minister of Trade and Commerce (Mr. Euler) pointed out yesterday, it did no specific harm to any existing business institution.

Some comment has been made doubting the significance of the international effects of the

treaty. Never in the history of Canada or the United States have there been such friendly relations between the two countries as prevail at the present time, which relations have come about since the signing of that treaty in 1935. There is no doubt at all that the terms of the treaty of 1935 and the experience gained under it paved the way for the enlarged treaty of 1939. Once again doubts are being voiced as to the international effects to be obtained from this treaty. In this regard I should like to refer to the comment of Mr. Paul Van Zeeland, a former prime minister of Belgium, who was asked recently to make a report to the governments of France and the United Kingdom as to the possibility of obtaining a reduction in the number of quotas and the removal of other obstacles to international trade. Mr. Van Zeeland, in part, said:

—in the present state of affairs the negotiation of bilateral commercial agreements, based on the most favoured nation clause, remains one of the most efficacious methods for reducing tariff barriers.

And again, writing some ten months before the British-United States agreement was completed, he used this language:

No one would underestimate the effect which would be produced—either directly, in its reaction, on the two national economies concerned, or indirectly in its repercussion on the whole world, by the conclusion, in a spirit of international collaboration, of a commercial agreement covering a wide range between the two great Anglo-Saxon communities.

No matter what the critics of this agreement may say, the former prime minister of Belgium believes that it will have direct international effects with repercussions of benefit to the world. As an indication that tariffs are a disturbing element in the peace of the world, I should like to quote a short passage from the Fascist handbook which was issued on October 28, 1937. The following passage is to be found on page 88:

A prohibitive tariff policy was adopted by the United States; England first depreciated her currency and then closed her markets. The Ottawa agreements introduced differential tariffs throughout the British empire. Currency dumping was practised on a large scale by Japan and other countries. Not content with tariffs, France introduced quotas and prohibitions, followed in this by most of the European countries, exchange regulations and blocked credits finally demoralized the markets, and paralyzed foreign trade.

For five long years from 1929 to 1934 Italy held out against the quotas and exchange control system. The Italian government participated in all efforts made by the league of nations and other international organizations in favour of freer trade, a policy which had the wholehearted support of her delegates, but all was in vain. The doctrines of exasperated "nationalism," economic "self-sufficiency" and manipulated currencies prevailed, and Italy had no choice but to resort to similar measures in self-defence. But if the doctrine of economic "self-sufficiency" is to prevail, and if the settlement of international accounts by goods and services is ruled out, then the possession of adequate national resources is a question of life or death for a nation.

I should also like to cite this passage from the Nazi Primer at page 246:

Germany would in its present strained condition gladly and willingly buy from abroad the raw materials which we lack, if a sufficient possibility were given for doing so. Foreign countries, however, demand payment in foreign currency. The only way that we can obtain foreign money is by exporting German goods. In a senseless manner the countries with raw materials shut out German imports, isolate themselves in their great economic enclaves. Our exports have shrunk, therefore, in exactly the ratio that the revival of our country has increased our need for raw materials. For that reason the German economy in industry and handicrafts finds itself in very serious difficulties. If, therefore, German industry is to put all German workers back again, and to raise the production of goods to the point of doing away with German poverty, extraordinary measures are necessary in order to obtain sufficient supplies of raw materials.

That is the attitude of the fascist and nazi governments, and it does seem to me that some move might be made by our government towards improving our trade relationships with these countries. I am told, for example, that there is a shortage of butter fats in Germany and Italy, while we have in storage some thirty to forty million pounds of butter. Could not a deal be made whereby the butter which Germany and Italy so much require could be exchanged for their products? Germany and Italy, in making such a deal, would be doing a good thing for their own countries, and at the same time the stress and strain on our economy would be relieved.

Reference is made in the speech from the throne to youth training. I shall make only a casual reference to that subject. Suffice it to say that in our province youth training has been a most interesting and productive experiment. In its first year of operation some nine thousand young men and women trained in the courses then provided, and some 566 took the courses in Regina. The courses are being continued and extended so that now instruction is given in subjects running all the way from beauty culture to aeroplane mechanics. A few days before I came down here I visited a home where a class was in progress for the training of domestic workers. They are making a splendid success of that undertaking, training girls for useful work in the future. Much has been said, and much may be said, about flaming youth, but that our young people are taking an interest in preparing themselves for the future is

evidenced by the attendance at our universities, where more are taking advantage of the educational courses offered than ever before, training themselves for that opportunity which will undoubtedly come with the return of something more nearly approaching normal times.

I notice that in the speech from the throne reference is made to agricultural distress, crop failure in western Canada, and the activities under the prairie farm rehabilitation plan. In that regard I should like to make a passing reference to a statement made by the hon. member for Carleton (Mr. Hyndman) when he was speaking in the debate. By the way, I wonder if the hon. member for Carleton would tell me if Carleton county is in his constituency.

Mr. HYNDMAN: Ottawa is not.

Mr. McNIVEN: If Carleton county is not in the constituency of Carleton I should like to know where it is. Anyway, it is right near here and I understand that Carleton county is represented in the house by the hon. gentleman. I believe the Minister of Finance (Mr. Dunning) lives in Carleton county.

Mr. DUNNING: Yes, and I have a good member, too.

Mr. McNIVEN: I was interested in an article in the Ottawa *Journal* of. January 24, which shows that Carleton county in eight years has reduced its bonded indebtedness by over one million dollars; that in the year 1938 it paid off $187,000 odd of principal, and also paid in interest charges, $75,775. They propose for the year 1939 paying off $193,000 of principal and $66,000 of interest, or a total of $260,000 odd; and the county has a schedule of payments for each year up to 1944 when their bonded indebtedness will be retired in full.

As I listened to the hon. gentleman the other day, he painted a gloomy picture of the dominion and of conditions in his own constituency, but these figures from his own constituency for the year 1938 prove that the policies of this government have had no detrimental effect but rather a beneficial effect on the constituency which he represents. Carleton county anticipates no detrimental effects for the future because it plans with confidence to make yearly payments of principal and interest up to the year 1944, expecting by that time that Liberal policies will have blossomed forth into full fruition.

The hon. member for Carleton, in his endeavour to establish that there was discord and disunity throughout Canada, referred to the province of Saskatchewan, and said:

> I am not criticizing the government for the money that has been spent in that province—

[Mr. McNiven.]

For that I thank him.

> —but with all the money that was spent, even to win a provincial election, what do we find?

May I assure the hon. gentleman that if he had in mind federal money, there was no federal money spent in the province of Saskatchewan to win an election. What do we find?—he asked, and then proceeded to say:

> They have raised the threat of secession—

And in order to establish that fact he quotes a resolution which reads as follows:

> The United Farmers of Canada, Saskatchewan section, devoted a long debate to the subject at its annual convention and unanimously adopted a resolution instructing its board of directors "to assimilate and prepare authoritative material on the subject of setting up a western autonomous state within the British empire, governed by a single government elected democratically by the people."

Shortly after that resolution was passed, one of the leading newspapers of Saskatchewan, with a province-wide circulation, provided through its columns for a vote on the question of secession and one or two kindred questions. Just to show you, Mr. Speaker, that secession is not an issue at all, is not even being considered in Saskatchewan, approximately only three thousand people made any response at all and gave their views, and of those who did respond about one-half voted in favour of consideration of some such resolution as the hon. member quoted, while the rest were diametrically opposed to anything in the nature of secession. The fact that only three thousand people, out of a population of nearly one million, would pay any attention to the matter at all, is proof positive to me that there is nothing in the way of a threat involving secession from confederation. But seeing that agriculture, the bad crops and the distress in Saskatchewan have been referred to from time to time I thought it might be permissible, even at the risk of criticism for being narrow and parochial to address the rest of my remarks to conditions in that province.

Western Canada contains the finest expanse of good agricultural land to be found anywhere in the world, and the largest block intact, of that description, lies in Saskatchewan. In sixty-two years western Canada has produced 8,900,000,000 bushels of wheat valued at 10,200 million dollars; and in that same period it has exported 6,100 million bushels of wheat valued at 7,200 million dollars. In other words, in sixty-two years western Canada has brought into the country in the way of new wealth a sum equivalent to the entire debt of the whole of the dominion, federally, provincially, municipally and individually.

Mr. SPEAKER: I regret to interrupt the hon. member, but his time has expired.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: With the unanimous consent of the house.

Mr. McNIVEN: From 1918 to 1929 in our province alone we produced 4,150 million dollars of new wealth. For 1926, 1927 and 1928 our agricultural production was valued at $1,200,000,000 and in the year 1928 alone it amounted to nearly $500,000,000. And then the holocaust! From 1930 to 1935, a period of six years, production only totalled $817,000,000. The 1936 crop was reduced to 110,000,000 bushels, the 1937 crop was 37,000,000 bushels, and in 1938 our wheat crop approximated 140,000,000 bushels. These are astronomical figures, but conditions in the last eight years have exacted a terrific toll.

It may be asked, with that production why cannot you take care of yourselves? There are many reasons, prominent among them being the fact that certain laws, supply and demand and the currency question, have not been allowed to work out as they should have done; and western agriculture has been the sufferer in every instance. Let me go back to the year 1917. In that year wheat sold at $3.05 a bushel on the Winnipeg grain exchange. The exchange was closed and a fixed price of $2.18 was made payable for the crops of 1916, 1917 and 1918, and that at a time when the United States farmer was selling his wheat at a price as high as $4.50 a bushel. The western farmer did not complain, but if you wish to ascertain the western farmers' contribution to the winning of the war, just multiply the production of each one of the prairie provinces by at least $1.50 or possibly $2 a bushel and you will get it. You will then know what the western farmers' contribution was to the winning of the war.

Wheat was the only commodity over which the government of the day took control, and notwithstanding that fixed price, the farmer had to pay war prices for everything he had to buy. During the deflationary period of 1930, 1931 and 1932 the Canadian dollar was tied to the United States dollar. I fully appreciate why that was done, but at the same time export commodities, principally wheat, had to meet competition with countries that had depreciated currencies, namely, the Argentine and Australia. At a time when the British pound was quoted at $3.70 it simply meant that the western agriculturist received less in terms of Canadian dollars than he would have got had the Canadian dollar been tied to the British pound. The hope of the western farmer lies in providing against wide fluctuations in price such as from $3 a bushel down to 38 cents, which was the prevailing price in 1932.

May I make one reference to the value of western farm lands as a matter of defence. Two years ago I heard Sir George Paish, one of the leading economists of the British empire, say that the war could not have been won, or in other words that the war would have been lost, had it not been for the bountiful crops of western Canada in 1915 and 1916 and the ability of the British government to transport those crops overseas. The most effective contribution that Canada can make to the defence of the empire and of our own country itself is in maintaining the wheat lands of western Canada and maintaining the population there on a reasonable standard of living.

Mr. A. J. BROOKS (Royal): May I at the outset congratulate the hon. member for Regina City (Mr. McNiven), who has just made an excellent speech. It did seem to me, though, that it was a shame that so much of his time should have been taken up in explaining the rather questionable activities of one of his colleagues in Regina. It might be said of him, as has been said of others on other occasions, that he is blessed with one of the best friends a man was ever cursed with. Unfortunately, the "McDaniels" are not all located in western Canada or in Regina. I fear there are many in other parts of Canada and, if I may say so, the unjust patronage which is rampant in certain sections of the dominion is one of the greatest enemies of our democracy.

I take this opportunity to congratulate the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne upon the excellence of their speeches. I fancy they are becoming weary of congratulations; nevertheless the congratulations have been well deserved.

I was particularly interested in the remark of the hon. member for Regina City (Mr. McNiven) with reference to the mover of the address in that he was a maritime province man. It has often occurred to me, as it must have to others throughout this dominion, to wonder just what other parts of Canada would have done had the maritime provinces not supplied them with their leading men in various activities of life.

I wish to congratulate the new Postmaster General (Mr. McLarty) upon his appointment to that very important office. It is a well deserved tribute to his ability, and I am satisfied that in the short time he will hold that office he will do credit to it. I also wish to congratulate the hon. member for Edmonton West (Mr. MacKinnon) upon his promo-

tion. While he is not a maritimer I believe he did the next best thing; he went to the maritime provinces and took one of our fair daughters as his wife. I have no doubt that the inspiration which he received and the success which he has attained are due to the good advice he received from that source.

In my province of New Brunswick we have been thrilled, as the people all over Canada have been, by the prospective visit of Their Majesties the King and Queen. I am sure their visit to our dominion is an expression of their love of and loyalty to the people of this country, just as the great welcome they will receive will be an expression of the love and loyalty of the people of Canada for them. In my own constituency of Royal we expect to have the pleasure of a rather more extended visit than some other constituencies in Canada are to enjoy. King's county, in which I reside, is one of the few counties in which their majesties are to take a motor trip. Driving from Moncton to Sussex they will see the beautiful Kennebecasis valley, and on their trip from Fredericton to Saint John they will have the pleasure of seeing the beautiful Saint John river.

The speech from the throne made reference to the formal visit of the President of the United States to the Dominion of Canada. We in New Brunswick had many visits from Mr. Roosevelt before he became president. He spent many of his boyhood days on the beautiful little island of Campobello in the bay of Fundy, and doubtless the good feeling he entertains for this country and for the people of the British empire was more or less inspired by his contact with that part of Canada.

There is a criticism I should like to make with reference to visits of distinguished guests to our country, and it is this: that on too many occasions they are led to believe that Canada begins at Montreal and ends on the Pacific coast. Only last year a number of such visits were organized, supposed to be to eastern Canada. One party consisting of 200 Scottish school boys came out to see the eastern part of this country; their itinerary embraced Quebec, Montreal, the Laurentian mountains, Ottawa, Hamilton, Niagara Falls, London, Port Stanley, Toronto and Kingston, but did not include the maritime provinces. Another party of 200 under the auspices of the Overseas League—this by the way was the largest party organized by the Overseas League in the United Kingdom for travel in Canada, and represented one of the most important steps in furthering the chief aim of the league, namely, the cementing of friendly relations between the different parts of the British commonwealth of nations by the actual exchange of visits—this party visited Quebec, Montreal, Ottawa, Toronto and Niagara Falls, and returned to Great Britain, although the tour also purported to cover the eastern provinces. A similar thing happened to the British parliamentarians who visited Canada recently; they commenced their visit at Quebec and ended it at Vancouver and Victoria. This is unfair to the three eastern provinces, and I hope that those who are responsible for such visits will see that this neglect is not continued.

The speech from the throne refers to the very important matter of defence. I am sure that all citizens of Canada to-day realize that defence is one of our most urgent necessities, and one of the biggest problems facing us. With world conditions what they are and have been for the past number of years, with nations seeming to be preparing to spring at one another's throats, and with conditions such as they have been in Ethiopia and Spain and China, it almost looks as if this old world were slithering back to the Middle Ages. If an emergency comes it will come quickly, so we must be prepared. I commend the Minister of National Defence (Mr. Mackenzie) for the preparations he is making; I can only say that they are belated and not as extensive as they should be. In this morning's paper we see that a sum of $63,500,000 is to be provided for the defence of Canada, to be expended over a period of years. In the newspapers a short time ago we noticed that the Commonwealth of Australia also realizes that she must defend her territory against possible invasion. That dominion with only seven million people has voted some $250,000,000 to be expended over a period of three years. Australia is spending for defence something over $11 per person, while in our present estimate we are proposing to expend $5 per person.

I feel that we in eastern Canada have again been neglected as far as defence is concerned. The ports of Saint John and Halifax are without any adequate defence. We are told that the aeroplane is a great arm of defence. Other authorities tell us that the aeroplane is not the proper weapon for defence of cities and ports. Be that as it may, I am satisfied that at these two ports on the eastern coast we must have more anti-aircraft guns, more artillery and coast defence. These I believe, as the minister told me last year, will take something like three years to provide.

As a maritimer I feel that we have another quarrel with the Minister of National Defence. I notice in this morning's paper that

$1,800,000 is appropriated for Royal Canadian Air Force works in Nova Scotia. Last year I complained, and I complain again, that no appropriation has been made for military air fields in New Brunswick. We consider the port of Saint John just as necessary to the commercial life of this country, and of the maritime provinces in particular, as the port of Halifax; and it seems singular that there should be $1,800,000 spent in Nova Scotia, and five military air fields established in that province, and not one in New Brunswick. This item says:

> More than $1,800,000 will be appropriated for the R.C.A.F. works in Nova Scotia. These embrace $919,000 for four hangars and other works at Dartmouth; $170,000 for runways at Yarmouth; $570,000 for runways at Sydney and $258,000 for magazines, quarters and runways at Truro.

If we are to defend the port of Saint John by air I claim there should be a military air field in the vicinity of that city. I also wish to give my approval to the formation of the defence purchasing board. It rather looks as if this is the direct result of the Davis report, and I would say it is all to the good for both Canada and the department. There is no member of this house, and I am sure there is no right thinking person in Canada, who does not feel that as far as profits are concerned there should be none from the various activities necessary to equip the militia of this country. I hope the activities of this board will be extended to include all the operations of the defence department, including both the permanent and the non-permanent militia.

Last year I called to the attention of the minister a matter which he admitted was a mess as far as his department was concerned. That was in connection with the building of the Venture by the Meteghan Shipbuilding Company in Nova Scotia, and I believe that matter has not been settled yet. The man who obtained that contract never would have been considered, I am sure, if there had been a board of this kind. In the first place the contractor was not capable of handling such a contract, and it is common knowledge that his men have not been paid, that the selection of the men for the work reeked with patronage and that labour was being exploited. Finally the Minister of Labour had to have an investigation into the activities of this company.

Now I come to a matter which is of very great importance to Saint John, the port of my own province, and also to Halifax. According to reports appearing in the newspapers of that part of the country, people are not satisfied with the explanation given by the Minister of Agriculture (Mr. Gardiner) here a few days ago. He quoted figures to show that there had been more wheat shipped from Canada in the five years prior to 1932 than in the five years following 1932. He did not say to what ports he was referring, nor did he give what is perhaps the chief explanation, that there was less wheat produced in Canada in the latter five years. According to my information, during the five years prior to 1932 we produced 2,056,244,000 bushels of wheat, while during the five years from 1932 to 1937 we produced only 1,241,304,000 bushels, or not much more than half as much. So it would not be logical to argue that during the five years in which we produced over two billion bushels of wheat there should not be more exported than during the period when we produced only a little over a billion bushels.

The minister also quoted from a report appearing in the *Telegraph-Journal* of January 10, under the heading, Grain Shipments Key to Port Problem, Workers Maintain. He was answering, as it were, the contention made by the heads of the longshoremen's association in Saint John. The president of that association is Leicester Wearing and the secretary is James Steen. These men are thoroughly informed in regard to everything concerning the port of Saint John, the shipping of grain and other commodities, rates and charges, and, in fact, all matters pertaining to the port. In an open letter regarding conditions in Saint John they have this to say:

> That we are of the opinion that when the Anglo-American trade pact was signed, Canada was sadly neglected. The fact that British millers, within a week after pact was signed, placed an order for half a million tons of wheat with American shippers, coupled with the knowledge that in the last few days steamers have left our port to go to Baltimore to load grain, is sufficient proof for the members we represent to make this statement.

They also go on to say that the day the Minister of Trade and Commerce (Mr. Euler) made the statement that the Anglo-American trade pact was one of the greatest achievements of the Canadian year, grain shipments through Saint John to steamers amounted to 874,473 bushels as against 5,024,716 bushels on the same day the previous year; while on track and in elevator there were 337,437 bushels as compared with 2,418,763 on the same day in the previous year. Speaking of trade going to the American ports they say:

> We do not expect the trade conditions in this port to show much improvement in the near future; steamers are leaving here with only part cargoes, some calling at American ports to complete loading. . . .

During December the steamer *Brant County* came to Saint John, discharged a few hundred tons of freight and went to Baltimore to load a full cargo of grain.

The S.S. *Cape Lena* came here with 160,000 bushels of wheat loaded at Baltimore.

There is talk of the S.S. *Melmore Head*, now in port, discharging coal, going to Baltimore for grain.

That was on January 10. Since then there have been many more instances of the ports of Saint John and Halifax being neglected, in connection with grain shipments, in favour of United States ports. Here is a dispatch from Boston, under date of January 19:

First Canadian wheat to move through the port of Boston to British markets in more than two years, a shipment of 24,000 bushels will be placed in the steamship *Newfoundland* Saturday for delivery at Liverpool.

I could go on and read a great many similar statements, but it is not my intention to do so. In the mail this afternoon, just before I came into this house, I received a letter from the secretary of the longshoremen's union of Saint John. Among other things he says:

. . . never in the experience of the writer (nineteen years at this work) has work been so poor as this year has proven to be; and it was forecast on December 8, when this local took this matter, along with other points in dispute, up with Hon. Mr. Howe. . . .

Let me assure you that conditions here are terrible in so far as port business is concerned, and our members are not earning sufficient to keep their families while in previous years, at this time, they would be quite comfortable.

Irregardless of what Messrs. Howe, Euler, Michaud and Gardiner state in their remarks during sessions, the fact that steamers are coming here, discharging a few hundred tons of cargo and sailing to American ports to pick up Canadian grain, is convincing enough proof that there is some advantage over our port held by United States ports, and we are of the opinion that the preference abolishment, coupled with bonuses to American wheat exporters by U.S. government and railroad freight charges and elevation charges reduced, are the causes.

Then, too, in the *Telegraph-Journal* of yesterday, which I received just before coming into the chamber, there is a splendid editorial headed, Grain Elevation Charges. In this editorial it is stated that the one-cent charge per bushel in the elevators of Halifax and Saint John as against the half-cent charge in United States ports is having a very bad effect on the shipment of grain through those two ports. May I be pardoned to the extent of reading a part of the editorial as follows:

Steps should be taken to see that Canadian ports do not suffer as a result of competition from ports outside the dominion boundaries. If Canada is to gain the full benefits possible from the grain trade, which is heavily subsidized with federal funds to which all parts of Canada contribute, then no circumstance should be disregarded which will guide the flow of that trade over Canadian transportation systems and through Canadian ports. The case presented to Ottawa by the Saint John Board of Trade should have the weight of Canadian public opinion behind it, and it should receive from the Ottawa authorities the attention which its national importance demands.

Saint John suffers also from discrimination as compared with Halifax in the matter of elevator storage charges on grain, which are assessed here but not collected in Halifax. This is another matter to which the National Harbours Board should give attention to put all national ports on the same basis.

I believe the hon. member for St. John-Albert (Mr. McAvity), speaking last night, called the government's attention to that matter. Again, in yesterday's issue of the Moncton *Times*—

Mr. HOWE: On a point of order, I would ask the chair if it is in order to read editorials from newspapers.

Mr. DEPUTY SPEAKER: On the point of order raised by the Minister of Transport (Mr. Howe) may I point out that usually very wide latitude is given in the debate on the address in reply. I believe hon. members who have preceded the hon. member who has the floor have been permitted to read editorials.

Mr. SPENCE: Everybody has.

Mr. ROWE (Dufferin-Simcoe): Every day.

Mr. BROOKS: They not only read editorials; they read their whole speeches.

Mr. HOWE: But occasionally put in a little of their own material, though.

Mr. BROOKS: That is exactly what we are doing. The article is as follows:

Conditions at Halifax port described as far from satisfactory.

High elevator tolls divert traffic to United States.

Alarm expressed by retiring president over proposed cancellation of three per cent excise tax on goods shipped through United States ports as against direct to Canada.

Mr. ISNOR: What paper is that?

Mr. BROOKS: The Moncton *Times*. It is not my intention further to discuss the matter of the ports of Saint John and Halifax. The condition in which the labouring men find themselves in those ports this year is generally known.

When the Canada-United States treaty was first talked about the maritime provinces were led to believe, and possibly in some parts still believe, that they will derive great benefits from the reduction of duty on fish. The condition of the fishermen of Nova Scotia, as well as of those in other parts of the maritime provinces, has been very bad. For a

number of years succeeding politicians have held out promises to them for a betterment of their condition. In 1935 they were told that so far as the export of fish to the United States was concerned, reductions would be made in duty. All hon. members know there was very little if any benefit so far as those reductions were concerned.

Then again, when the Anglo-United States-Canadian trade arrangements were talked about, the fishermen of maritime provinces were led to believe that great benefits would be achieved by reductions in duties. A few days ago I listened in vain to the speech of the hon. member for Queens-Lunenburg (Mr. Kinley) for any indication from him of any great benefits that were to accrue to the fishermen of his province, or to any other part of the maritime provinces. He did say that the fishermen were receiving bonuses which were helping them to live. He did say that when they reached old age they would receive old age pensions. Surely this is a poor commentary on one of the great industries of Canada.

Not so long ago I read a speech delivered by the Hon. Joseph Howe, the great Nova Scotian and Canadian, also a great Britisher. In that speech he foretold great things for his native province. He spoke about the fishing industry, and said the day would come when the fishing industry of the maritime provinces would be one of the great industries of Canada. He spoke, too, of the prosperity of the men who go down to the sea in ships. He said the day would come when the maritime provinces would have over a half million men obtaining a living from the fisheries and the coastal trade. He said, too, that before the turn of the century the population of his native province of Nova Scotia would exceed a million people. All hon. members know how those prophecies have turned out.

Mr. KINLEY: He was against confederation, too.

Mr. BROOKS: He was against confederation for a time, I believe. I come from an inland constituency and will confess that I have very little knowledge gained from practical experience in the fishing industry. For that reason I was interested in an article in the *Commercial News,* the organ of the Halifax board of trade, in which the following was stated:

> The looked-for reductions in duties by the export fish trade in connection with the Canada-United States treaty have not materialized.

It goes on to say that the salt fish industry will obtain less benefit from the treaty as it now reads than it would appear at first glance.

While the reductions are quite substantial, it must be remembered that Newfoundland receives the same treatment under the agreement. The maritime salt fish merchants hoped and expected an equalization in the rate of duty, both over and under 33 per cent moisture content, which would put them in a better competitive position with Newfoundland in the important Puerto Rico market.

The industry was also keenly disappointed in the failure to secure a reduction in the duty on salt mackerel—apparently Norway is the major supplier of this article, and the United States will only grant reductions on articles to the country which is the main supplier.

Then, again, The *Maritime Merchant* gives the opinion of Mr. F. Homer Zwicker, secretary-treasurer of a well known Lunenburg fish firm. He says that at first the people seemed to be well pleased, but that now they are highly displeased with the provisions in the treaty respecting fish.

If I understood the hon. member for Queens-Lunenburg rightly the other day he said that the Minister of National Revenue was to be congratulated upon his courage in foregoing certain rights for apples, in Nova Scotia, in preference to fish. I looked in *Hansard* afterwards and I found that statement was not there. I may say I took the hon. member's words down when he was speaking, but I did not find them in *Hansard* later on.

Mr. KINLEY: Mr. Speaker, what inference is the hon. member making?

Mr. BROOKS: Well, I am not making any inference. I simply say that I took the statement down while the hon. member was speaking, and when I looked in *Hansard* later it was not there.

Mr. MacNICOL: Probably it was struck out.

Mr. KINLEY: The hon. member took it down improperly, then, or incorrectly.

Mr. BROOKS: I was fairly close to the hon. member for Queens-Lunenburg, and my hearing is pretty good.

Mr. KINLEY: What I said is there.

Mr. BROOKS: It is a well known fact that the apple growers have not been particularly pleased as far as their market in the United Kingdom is concerned. Practically one hundred per cent of their export apples have been shipped to that market. What the effect of the present treaty will be, we will have to wait to see. However, one thing is certain: there will be a reduction of two shillings per barrel in the price received by the apple producers.

Mr. SPENCE: Two and three pence.

Mr. BROOKS: Two and three pence.

The hon. member for St. John-Albert referred last night to the great benefits that

were accruing to the port of Saint John because of the West Indies treaty. I am not sure that his views are shared by people in other parts of the maritimes. I see the hon. member for Halifax (Mr. Isnor) smiling. There is no doubt that the ships coming into Saint John every two weeks loaded with bananas from the West Indies do create some work for the people of Saint John. In that respect I think it has been of great benefit and is appreciated. We hope that these benefits will continue. But the British West Indies treaty which was negotiated by the Liberal government in 1925 has not been beneficial to the maritime provinces. In fact the results have been just the reverse. I am sure there are hon. members who will agree with me when I say that the loss of our salt fish market in the West Indies has been due to that treaty. We also lost our great Cuban market for potatoes. To further their own ends politicians in the maritime provinces have tried to make out that this treaty was not responsible for those results. I should like to quote the opinion of Mr. O. F. Mackenzie, a fisheries expert who was engaged last year by the federal government to investigate southern fisheries markets. Speaking before the rotary club in Halifax a short time ago, he said:

> The claim has been repeatedly made that the dump duties were responsible for the loss of our Cuban markets for codfish and potatoes. No one knows better than the gentlemen doing the talking that dumping duties had nothing to do with the loss of this trade.

As I say, it has been claimed for years by certain politicians in the maritime provinces that the dump duties brought about these results.

Mr. KINLEY: What do you say?

Mr. BROOKS: I say that the dump duties, were not the cause of it.

Mr. EULER: The result or the cause, which?

Mr. BROOKS: The loss of that market was brought about by the British West Indies treaty. That is the opinion of Mr. Mackenzie who was employed last year by this government. Speaking a few days ago the right hon. Prime Minister (Mr. Mackenzie King) said in effect that the people of Canada were blessed by the results of the 1935 treaty. I wonder what would be the present condition of our people if that treaty had not been negotiated? Let us consider some of the products of our provinces. Take lumber, for instance. How much lumber, over and above the ordinary shipments, has been shipped to the United States since that treaty came into force? Lumbermen will tell you that that treaty was of no benefit as far as their product was concerned. In 1936 we shipped 111,780,000 feet of lumber to the British market, and 148,522,000 in 1937. In 1936 we shipped 56,134,000 feet to the United States and 53,757,000 in 1937. The hon. member for St. John-Albert spoke of having seen ships at Saint John loading lumber. I should like to know to what destination that lumber was being shipped. I know it was not being loaded for the United States. Those shipments were not brought about because of the treaty negotiated in 1935 by his government. Those shipments were brought about because of the operations of the 1932 treaty negotiated by the Bennett government of that day.

Let me consider apples for a moment. I wonder what the present position with regard to apples would be if the treaty of 1935, which the Prime Minister says was of great benefit to this country, had not been negotiated. In 1936 Nova Scotia shipped 929,348 barrels of apples to the British empire market, and in 1937 the shipments totalled 1,089,655 barrels. Shipments from Nova Scotia to the United States in 1936 totalled 60 barrels, and the 1937 shipments consisted of 72 barrels. The province of New Brunswick shipped 48,523 barrels in 1936 to British empire markets, and the 1937 shipments totalled 25,744 barrels. The shipments to the United States amounted to 38 barrels in 1936 and 33 barrels in 1937. Where was the great benefit to the apple growers under that 1935 agreement?

What about milk? No milk was shipped from the maritime provinces. What about bacon? England has been the great market for bacon, as it has been for many other products of Canada. My time will not permit me to go further into this matter, but I simply want to say that as far as the primary producers of the maritime provinces are concerned, the statement made by the Prime Minister is not borne out by the facts.

The question of unemployment has been discussed extensively in this house. I do not intend to criticize or commend in detail the methods adopted by this government and by the Minister of Labour (Mr. Rogers) in particular to stamp out unemployment. I believe it is generally known throughout this country that unemployment is still rife. As far as New Brunswick is concerned I believe there is more unemployment to-day than there has been for a number of years.

Mr. DEPUTY SPEAKER: I regret to have to inform the hon. member that he has exhausted his time.

Some hon. MEMBERS: Go on.

Mr. DEPUTY SPEAKER: The hon. member may continue with the unanimous consent of the house.

Mr. BROOKS: There has been much less lumbering in my own county. I have seen men come in there from Prince Edward Island, Nova Scotia and the northern part of New Brunswick looking for work in the woods; they walked long distances into the woods only to be told that there was nothing for them to do. I think it is generally realized that in New Brunswick conditions were never worse than they are at the present time. It was with considerable interest that I read a recent article by the Right Hon. Margaret Bondfield, a former minister of labour in the British government. She made a visit to Canada and the United States to study labour conditions, and speaking with reference to the youth in the United States she said:

> Young men are made to feel that their country is looking after them.

Referring to Canada she had this to say:

> It appears that no one takes the slightest responsibility for the Canadian youth once he is unemployed.

That is a terrible indictment of this government. It is a terrible indictment of our country.

In closing I have just a word or two to say about economic appeasement. I wonder why in a democratic country there should be talk of the necessity of economic appeasement in order to defend democratic institutions. What are the great democratic countries of the world? They are France, England and the United States. Is it not logical and reasonable to expect that these three nations should stand together both for their own defence and for the defence of democracy? We in Canada are very proud of France and England. During the great war these two nations fought shoulder to shoulder, and I believe they were fighting the battles of democracy. They are still standing shoulder to shoulder, but it is just as much in the interests of the United States that democracy should survive in this world as it is in the interests of the British empire or in the interests of France. Why then should we talk of economic appeasement?

The Prime Minister prates of health and peace and sweet content being the rightful heritage of all. Why should the longshoreman and the workingman in the city of Saint John, for example, be sacrificed for the economic appeasement of the longshoreman and workingman in Baltimore or some other port of the United States? Why should the primary producers and our workers in the factories of this country be sacrificed for the economic appeasement of workers elsewhere? I do not believe that the American people require it; I do not believe they want it. I believe they are willing and anxious to stand shoulder to shoulder with the British empire and France in the defence of that democracy which we all love. In this recent treaty I fear that Canada has again paid too high a price, and that the treaty is out of balance, as far as lasting benefits to Canada are concerned.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, other members of this group have given adequate reasons for supporting the subamendment moved by the hon. member for Winnipeg North Centre (Mr. Woodsworth), and I associate myself heartily with their views. But at this time I intend to confine my attention to those references in the speech from the throne which deal with national defence and the proposed defence purchasing board. I am aware that these matters will be discussed in more detail later; nevertheless, in view of certain recent disquieting disclosures, I believe the government should at the earliest possible date give more adequate assurances that conditions repugnant to the public interest will be rectified.

In the forecast of the legislative program set forth in the speech from the throne, priority is given to the proposal to increase substantially appropriations for national defence and for the establishment of a defence purchasing board. At this stage I shall not attempt to discuss whether such increased appropriations are justified, but I express the hope that the Minister of National Defence (Mr. Mackenzie) will take the house fully into his confidence as to the policies to be pursued and as to the manner in which these huge sums will be applied. It is important that the government, before embarking on such policies, should give more definite assurances than have heretofore been given that Canada will receive full value in defence measures for every dollar spent on defence. Increased defence appropriations will place additional burdens on the Canadian taxpayer and will demand of the Canadian people further sacrifices. Clearly we have reached the point where increased expenditure for this purpose will retard the promotion and development of necessary social services. Before launching a still greater spending program to provide armaments for Canada, this country has a right to expect the closest and most rigorous scrutiny of the spending methods of

those to whom the administration of these vast sums is entrusted. The competency of these men is now a matter of grave doubt.

The minister has stated publicly on more than one occasion that because of the limitations of the appropriations made by parliament he could not make satisfactory progress in providing for the defence of Canada. It is now evident that something more than huge appropriations are needed to guarantee us defence against external dangers. In the period between 1918 and 1937 something in the vicinity of three hundred million dollars was expended in defence. Yet the minister in 1937 rose in his place and said that defence had been so neglected that Canada was without any means of defence. Apparently the trifling sum of approximately three hundred million dollars entrusted to the general staff had gone with the wind.

In the last two years an additional seventy million dollars has been made available to the defence department. Apparently with regard to coastal defence the results achieved have been negligible. No one can understand where the money has gone. The sums voted by parliament in the last three years, approximately ninety million dollars, should have made evident some effective measures of coastal defence. Must we conclude that the clue to the mystery is to be found in the recent judicial inquiry into the Bren machine gun contract? One contract out of many was submitted to a searching inquiry, and the most amazing circumstances have been disclosed. We knew that the Department of National Defence was becoming one of the biggest spending departments of the government. We now have good cause to regard it as the most wasteful and inefficient. We have good cause to ask if the additional millions requested from parliament are actually for the defence of Canada or for the defence of the profits of the privileged ring of armament manufacturers. We now discover that department officials have shown the most arrogant disregard of policies enunciated in parliament and accepted by parliament in good faith. It now rests with parliament to determine whether there has been a gross betrayal of public trust.

During the last session members of this group endeavoured to obtain from the Minister of National Defence more definite information regarding the conditions under which the Bren machine gun contract had been negotiated and executed. We got from the minister in this regard little more than the most eloquent assurance that it was the best of all possible contracts for the Dominion of Canada. It is a matter of regret that the minister did not discuss the matter with greater frankness and that it required a judicial inquiry to unearth facts which should have been in the possession of the house when the matter was under consideration. The minister can no longer boast that it is one of the finest contracts ever made on behalf of Canada. I venture to predict that it will prove to be one of the most humiliating episodes in his public career.

It was claimed in press releases at the time the commissioner's report was tabled that the department had received complete exoneration. Nothing could be further from the truth. No one was exonerated except in the matter of personal graft and corruption, which was never in question. The very fact that the commissioner found it necessary to recommend an entirely new method of awarding contracts of this kind is by implication a condemnation of the method followed in this instance. If it had been shown that the method of placing government contracts followed in this instance had been entirely satisfactory, the commissioner would have said so. Instead he recommends a drastic change in the whole system. The government now finds it necessary to act on this recommendation. The methods which we questioned last year, and which were then defended by the government, must now be discarded because the public interests were then inadequately safeguarded. The condemnation of departmental administration is indirect, nevertheless so plain that he who runs may read.

In an editorial the Winnipeg *Tribune* aptly said that the commission might be described as having done a very neat job of washing its hands and holding its nose alternately. It also said that Mr. Justice Davis had parked that squawling brat, the Bren gun contract, right back on the dominion government's doorstep where it belongs. That exactly describes the situation in language which is easily understood. The commissioner places on record certain facts with regard to which he reports there was no dispute. He states:

> It will be for those charged with the responsibility of dealing with the facts, i.e., the government and parliament, to examine and study them and to take such action, if any, as they may see fit.

Further than this, the commissioner places certain issues squarely before parliament. Parliament is asked to judge on the facts in evidence, as to—

(1) Whether Bren guns should be produced by the government in publicly-owned fac-

tories or through private manufacture (page 10 of the report).

(2) Whether the conduct of the individuals concerned was above question (page 35).

(3) Whether adequate reasons existed for the failure of the interdepartmental committee to report back to the government when the system of supervision of contracts broke down (page 41).

(4) Whether the procedure followed in negotiating this contract protected the public interest (page 49).

(5) Whether proper steps were taken to ensure proper discharge of the responsibility assumed in the selection of a favoured contractor (page 50).

I contend that these issues should be dealt with by parliament before we approve further appropriations to be administered by those whose administrative competency is now a matter of grave doubt.

From time to time the Prime Minister (Mr. Mackenzie King) and the Minister of National Defence (Mr. Mackenzie) have given assurances in this chamber as to the policies that would be pursued in placing armament contracts. I submit that the facts disclosed in the commissioner's report indicate that in many important respects no attempt was made to give effect to these policies in administration. As a matter of fact, it is shown by the evidence that the intentions of the government as declared in the house and accepted in good faith were evaded and even thwarted by those responsible for the negotiations leading up to the execution of this contract. This administration is on record as favouring the principle of public ownership as applied to the manufacture of armaments, particularly during peace time. When on the witness stand, the Minister of National Defence was most emphatic in his declaration on this point. The evidence shows that senior officers with responsible positions on the defence council had advocated the establishment by the government of a plant capable of meeting the requirements of the Canadian forces in respect to the Bren gun. These officers pointed to the unsatisfactory results which had followed the placement of similar orders in privately-owned factories in other dominions. The minutes of the defence council as recorded in the evidence make it quite clear that in 1936 there was a considerable weight of technical opinion on the side of public ownership. The original agreement between the British government and the patentee stipulated that manufacture in the dominions should be in a factory operated by the government in question. Even while Major Hahn was in England negotiating for his contract, the chief of general staff argued in a memorandum made in October, 1936, for the establishment of a government-operated rifle and gun plant. If manufacturing in government plants was ever seriously contemplated, why was a favoured contractor commissioned to secure secret information in England for his own purposes when at that time an officer of the Department of National Defence had the necessary technical information?

The reason given by the minister, when on the stand, for his non-adherence to the principle of public ownership was the limitations of appropriations made by parliament. He described these appropriations as meagre and stated that it was impossible even to make a start towards the establishment of government-operated plants. When the Bren gun was under consideration, he stated that he had been provided with an estimate showing that from $30,000,000 to $35,000,000 would be required to proceed with such a scheme. Actually, when this estimate was mentioned in the minutes of the defence council, it referred to the creation of a complete group of government manufacturing establishments on a scale that would meet all the requirements of the Canadian forces.

The commissioner was in doubt upon this point, for at page 11 of the report he says:

> But the testimony given before the commission established that only 60,000 square feet of space was necessary for the purpose of production of the 7,000 Bren guns for Canada as well as 5,000 guns for the War Office and that an entirely new building (apart from land) would cost approximately $120,000. In proposal "B" of Major Hahn (Exhibit 11) of December 29, 1936, the building was shown at an estimated cost of $104,196.40.

This testimony should be considered in conjunction with the terms of the contract which placed government equipment at Valcartier and Quebec at the disposal of the John Inglis Company and made provision for a substantial reimbursement on the purchase of additional equipment required. No real attempt was made to explore the possibilities of public manufacture. It does not require an expert accountant to show that a government-owned plant might have been established, as originally stipulated by the British government, at a cost within the bounds of the appropriations made by parliament.

Furthermore, apparently no attempt was made to examine the possibilities of manufacture in plants already under government control. It was reported to the house last session that a complete survey had been made of such plants, and we know there are such

plants capable of expansion, where machine tolerances are quite as close as required in the manufacture of Bren guns.

In view of these facts and other disclosures made, this house should receive a more satisfactory explanation than any yet given as to the reasons which prompted the minister to abandon so readily his professed adherence to the principle of public ownership in the manufacture of armaments for this country.

Another point on which there was a deviation from publicly declared policy was with respect to the practice of accepting competitive bids when the policy of private manufacture was decided upon. The minister affirmed that this was the next alternative to that of public manufacture. The Prime Minister stated in the house; I quote from page 11 of the report:

> At the present time, in a time of peace, the government is proceeding on the theory of permitting competition with reasonable remuneration, the work to be subject to inspection and audit.

The commissioner summarizes the minister's evidence as follows; I quote from page 11:

> The Minister of National Defence said in his evidence before the commission that that statement was in agreement with his own view. The minister said that there had been no change in the actual policy of the government, or of himself; that government ownership is the best and that the next is competition. His qualification as to public ownership was, "provided you will give us the finances," and his qualification as to the general principle of competition was, "where competition is possible."

According to the evidence a determined effort was made to eliminate all other manufacturers from the opportunity specially created for the manufacture of this gun by a favoured contractor. Major Hahn's previous experience was gained principally as a business executive engaged in the manufacture, or rather, the assembling and distributing of radios and washing machines. No other companies in Canada, and there are many with technical experience in working with precision steel, were allowed to participate. They were not even given an inkling that the department was prepared to consider private manufacture. The minister simply states that they were not considered because they did not ask for business. Major Hahn approached the department because, as he states, he discovered in his plans to reorganize the defunct John Inglis Company that the plant had manufactured shells some years previously. He was introduced to the department under the most favourable political auspices. The intentions and plans of the department with regard to the Bren gun were disclosed to him, but held as a closely guarded secret from all other manufacturers. He was allowed to examine the gun in the department and almost immediately secured consent to have the gun shipped to Toronto for a more detailed examination and photographs. At this time the department had an officer in Canada who was familiar with the processes of manufacture developed for the Bren gun in England. There was no obstacle in the way of consultation with reliable and established firms in Canada.

A little later Major Hahn went to England in company with the hon. member for Trinity (Mr. Plaxton). After a whirlwind exchange of cablegrams of the most amazing nature, Major Hahn was given the status of representative of the Canadian government. He was given this status by the action of the department and with the knowledge of the minister and the Department of External Affairs, even though it was known at the time that he intended to negotiate contracts on his own behalf. By this action he was given a privileged status in England, a status which could not be obtained by any other manufacturer. No stone was left unturned to place him in a preferred position above all others. No attempt was made to discover whether these guns could be manufactured in any other plant in Canada. After these arrangements had been made and the element of competition was completely eliminated, the minister wrote to the Prime Minister asking what the policy should be with regard to the manufacture of these guns in privately-owned plants.

Later we find that Major Hahn was associated with the deputy minister in negotiating for permission from the British government and from the patentee to manufacture these guns in privately-owned plants in Canada. It was a perfect set-up for Major Hahn. Not at any point was any willingness shown to permit competition. So anxious was the department to eliminate all competition in favour of Hahn that little consideration was given to the advantages that might have been gained by ordering preliminary requirements through the British government. In response to an inquiry from the master-general of ordnance, the following cablegram was received from Canada House on November 17, 1936:

> War Office state the arrangements now in progress for manufacturing Bren guns in this country on large scale and while definite dates of delivery cannot yet be quoted small numbers for training purposes might be supplied in 1938 with bulk of supplies in subsequent year. Estimated cost per gun including tripods and spares will be in the neighbourhood of £100 but this figure not regarded as firm price.

This dealt, of course, with an estimated order of 2,000 guns. In commenting on this

information when received, the deputy minister said in a memorandum extended in the evidence that this materially altered the situation, but "notwithstanding the above, the department should not lose all interest in Major Hahn."

When it was shown in evidence that there had been no thought of competition, the minister insisted that he had followed exactly the British practice in selecting a contractor. It is widely known that the British practice involves a careful prior investigation of the facilities at the disposal of the contractor, and his financial stability. No such investigation was made before the department was committed on October 20, 1936, to negotiations with Major Hahn and the group which he represented. Had such investigation been made, it would have been found that he had no facilities for the manufacture of Bren guns, and that his company was only in the promotion stage. The British practice involves a selection from among all those manufacturers who might be considered to be in that particular field. In this instance the selection was narrowed down to Major Hahn and his group, to that company alone. It was never a selection in the sense in which the term is employed in the United Kingdom. It was a gilt-edged guarantee of assured profits for one favoured contractor, chosen for reasons quite other than the usual businesslike considerations. In the light of the evidence, the house should hear from the minister the reasons why he did not call for competitive bids. Certainly it could not have been the desire to preserve secrecy with regard to manufacturing processes. These secrets were made known to an individual who was not an officer directly under military discipline. It is difficult to believe that the heads of other established firms were less reliable or patriotic than Major Hahn. It could not have been the need for haste; for by reason of the determined effort to protect Major Hahn, deliveries will be delayed. Canadian requirements were stated in July, 1936. The contract was signed in March, 1938. The plant of the resurrected John Inglis Company did not commence operation until April, 1938. We may get delivery of some guns in 1940, four years after the requirements were stated. Why then were the recommendations of the interdepartmental committee in regard to competitive bids side-tracked?

On various occasions the house has been assured that the government would not assume any direct responsibility in negotiating contracts with the British government for private firms in Canada. The policy of the government is laid down clearly in a letter of the Prime Minister which was placed in evidence. On August 24, 1936, the hon. member for Trinity wrote to the Prime Minister inquiring as to the policy in this respect, and received a reply set forth on page 17 of the commissioner's report. I read in part:

> I may say, in reply, that we see no reason why a Canadian firm established for the manufacture of munitions should be precluded from obtaining orders from the British government. It would be necessary, of course, to see that it was distinctly understood that such orders as were obtained were at the instance of the firm itself and not either directly or indirectly at the instance of the government of Canada.

On September 15, 1936, the hon. member for Trinity sent a copy of this letter to the minister, with a covering letter in which he thanked the minister for his many courtesies. Since I have read the report I have been wondering how the Prime Minister could possibly overlook the deliberate evasion of his instructions which followed. By reason of action taken by the deputy minister, Major Hahn, on November 10, 1936, was made a representative of the Canadian government with respect to the Bren gun. He was in England at that time in company with the hon. member for Trinity. Major Hahn enjoyed the status of a representative of the Canadian government when on November 19, 1936, he proposed to the British War Office that an order for 5,000 guns be placed with his company. He further solicited financial cooperation with regard to the special tools and machinery required. On his return to Canada, Major Hahn reported on these negotiations to the department, and definitely indicated that he had interested the War Office in placing an order with his firm. In the following year he accompanied the deputy minister to London, when permission was obtained from the patentee enabling orders to be placed with a private manufacturer in Canada.

There is a strange inconsistency in the evidence given on this point by the minister before the commission. He stated on one occasion that "neither by us, with us or through us would any contract be entered into by another government." On another occasion, when examined as to correspondence and cablegrams exchanged with the War Office, he admitted quite frankly: "It was a sustained endeavour to press the British authorities for a decision as to whether they would produce in Canada or not. That is the tenor of all the correspondence for nine or ten months in 1937—a sustained endeavour to obtain a decision from the War Office as to whether or not they would place an order for Bren guns in the Dominion of Canada."

For some time the British government insisted upon its desire to deal with the Canadian government and not directly with a Canadian manufacturer. The report makes it clear that from the earliest stage of the discussions and negotiations it was the aim of the department to secure a complementary order from the War Office for Hahn's firm. Subsequently Colonel Orde, judge-advocate-general, assisted in drafting the contract between the British authorities and the John Inglis Company. The commissioner states "That pressure from Canada upon the War Office during the period was continuous is in my view the proper inference from the facts directly proved in evidence." Contrary to the statement made by the minister in the house last session, it was this pressure for a full year from the Department of National Defence which secured a profitable contract from the British government for the John Inglis Company. I refer to the minister's statement which appears at page 3555 of *Hansard* for June 3, 1938.

The Prime Minister also assured the house that all such contracts would be reviewed by the interdepartmental committee. The commissioner in his report points to the breakdown of this system and to the failure of the committee to report back to the government. The chairman of this committee is the deputy minister of the Department of National Defence. The committee wanted to get price comparisons from other competent companies. They kept urging some method of competitive bidding. The chairman indicated that he had then an understanding that the British authorities would not deal with any other firm. Later, in February, 1938, he intimated to the committee that the British government had picked the John Inglis Company. When the committee suggested that a cablegram be sent to the British War Office asking, "Will you or will you not deal with a selected list of companies?" the deputy minister is reported as feeling very strongly about the matter and practically insisting that they must not take such action. The committee was forced to accept the deputy minister's word that the British government would deal with no other company than the John Inglis Company.

This becomes a serious matter when the proceedings of the interdepartmental committee are viewed in the light of the negotiations conducted with the British government from 1936 and the pressure actually exercised to persuade the British government to place an order with one particular company. The minister accepts full responsibility for the actions of the officers of his department. I look to him to explain whether or not the committee was shamefully deceived and misled as to the true facts in the case.

The truth about the situation must be plain to every hon. member who reads the report. It was one of the rankest and most barefaced political patronage deals ever foisted upon a long-suffering public. When political patronage is admitted at the back-door, all businesslike and patriotic considerations are thrown out of the window. This becomes especially serious when patronage is extended to armament contracts. Patronage becomes the most convenient cloak for our profiteers to cash in on the profits of the next war. The report of the commissioner contains one clear-cut illustration of how patronage operates to block ordinary, clean, honest, business-like methods. On August 24, 1936, the hon. member for Trinity wrote to the Prime Minister stating that a group of friends in Toronto were fully equipped to manufacture munitions. On October 25, 1936, the deputy minister, following several conversations, wrote to the Department of External Affairs asking that Major Hahn be sponsored in the British War Office by the high commissioner. He described Major Hahn as representing—and I quote:

—a reliable group, which controls certain manufacturing plants, capable of manufacturing armament and munitions—

He did not wait until he had received a report on the plant from the officers of his department, but subsequently he did receive a report which reads in part as follows, and I am quoting from page 22 of the commissioner's report:

This plant is primarily equipped for the manufacture of boilers, turbines and the working of heavy plate generally. All equipment is in reasonably good condition, considering the length of time it has been in use.

The machinery at present in this factory with few exceptions is unsuited for the manufacture of aircraft, but it might be used for the manufacture of tanks or shells . . .

This factory is at present inoperative and has not been in operation since April, 1936. There is no design staff at present employed and the total number of workmen now employed consists of three men as factory maintenance staff.

Another officer reported:

This firm is equipped to do heavy engineering work, boilers, etc. The shops would require to be stripped of their equipment to be suitable for aircraft construction. The shops are more suitable for shells, gun carriages, etc., than for aircraft or aircraft engines.

Thus it appears that both the communication of the hon. member for Trinity and the communication of the deputy minister were grossly inaccurate.

Mr. PLAXTON: I should like to question that statement, and I would like the hon. member, while he is speaking, to point out the inaccuracy. I do not wish to interrupt, but I should like him to do that.

Mr. MacNEIL: The hon. member may read his letter to the Prime Minister and the letter of the deputy minister to the Department of External Affairs, and compare them with the reports I have just read. I submit that I am fully justified in drawing the conclusion that his letter was inaccurate.

Mr. PLAXTON: Well, the facts speak for themselves.

Mr. MacNEIL: During the argument by counsel special reference was made to that inaccuracy and to the responsibility of the hon. member in that regard. There is no evidence to show that this information was communicated to the British War Office. Apparently the British authorities were allowed, during the negotiations which followed, to proceed on the assumption established in the letter of the deputy minister. The minister gave evidence on the stand that he did not know the personnel of the group behind Major Hahn, and did not know what previous experience they had in the manufacture of precision steel; he stated that he was completely in the dark on these matters. The deputy minister also swore that he did not know who were included in this "reliable group." According to the report, not until May, 1937, were any inquiries made as to the financial standing of Major Hahn, when a banker's reference was obtained. Why were ordinary business precautions so grossly neglected, if there was not the determination to place this contract to the advantage of political friends?

The report confirms statements I have made on previous occasions with regard to the inefficiency of the Department of National Defence. There is evidently a lamentable lack of coordination between the administrative and technical branches. If these huge expenditures are to provide a party "pork-barrel," we shall get little in the way of actual defence. I suggest that hon. members read the volume of appendices issued with the first volume of the official war history and refresh their memories as to the humiliating experiences in connection with war purchases during 1914-1918. It would be well to remember now, in the light of these disclosures, the Ross rifle, the Oliver equipment, the Bain wagon, the motor equipment and spare parts, and so on. Read the exchange of cablegrams between the Canadian authorities and the British War Office. When boots of Canadian manufacture were condemned by the British higher command, the Canadian authorities, to satisfy profiteering interests in Canada, ordered thousands of overshoes which were never used and which never could have been used by men in the front line. For similar reasons they let contracts to remodel the Oliver equipment, all of which was later dumped somewhere, and so on ad nauseam. A number of painful inquiries were held by committees of this house, during which the most scandalous evidence was unearthed. Because of these things, the lives of our troops were exposed to additional and needless risk in the most callous manner.

There can no longer be any doubt but that these misdeeds found their root in political patronage. Much was forgiven because of the emergencies of war time. There can be no such excuse for similar practices now which may lead to results quite as iniquitous during crises of the future. The mere appointment of a defence purchasing board does not meet the situation. The responsibility lies upon the government to deal severely with those who have been playing political "ducks and drakes" with defence appropriations. Defence purchasing must be freed entirely from political patronage.

Because of this report, which is not at all reassuring but definitely alarming, I urge that an inquiry be made by this house or by a committee of this house into the facts cited by the commissioner, to which I have referred, together with the related evidence. I also urge the drastic reorganization of the Department of National Defence, to accomplish greater efficiency and coordination. Further, I urge the nationalization of armament manufacture.

Mr. L. D. TREMBLAY (Dorchester) (Translation): Mr. Speaker, my first words will be an expression of the joy felt throughout Canada, and already voiced by many hon. members, at the coming visit of our king and queen. The joyous anticipation felt by the people of Canada has been properly expressed in the speech from the throne. I think I can add that it is felt with particular keenness in the province of Quebec. Canada's recent history reveals numerous reasons why we, a minority, should show our attachment to the British crown. Especially since the enactment of the statute of Westminster, we can say: the King of Canada. We sincerely hope, particularly we of the province of Quebec, that their majesties' visit to Canada will be a most pleasant one. We are sure that throughout the country they will find, wherever they go, an atmosphere of cordiality and of attachment to the British crown.

The speech from the throne also makes reference to the visit which the president of the neighbouring republic paid to Canada last summer. We are particularly glad of it. Indeed, it is comforting to note, in these times of universal distrust, the friendly relations existing between Canada and the United States and which are an example to the world. All will admit, I venture to say, that through his personality and intellectual outlook the Prime Minister (Mr. Mackenzie King) enjoys valuable friendships abroad, which have been of distinct benefit to us.

Not very long ago an Ottawa newspaper paid the following tribute to the Prime Minister. I quote from the Ottawa *Evening Citizen* of February 15th, 1937:

> The spirit of Canada, the spirit of friendly cooperation, readiness to meet the other man half-way as the most hopeful way to make an enduring agreement, is reflected in every substantial achievement of the Prime Minister's long political career.

We can sincerely thank Providence that in these times of universal stress the present Prime Minister is directing the affairs of the country.

(Text) May I now offer my congratulations to the leader of the opposition (Mr. Manion) upon his election to the leadership of the party and subsequently to the house. He seems to be a very sympathetic gentleman, and all hon. members are pleased to welcome him. For many years he has been a leading figure in Canadian politics, and we Liberals were particularly gratified that our party did not oppose his election. Though I do not by any means wish to be disagreeable, may I add that having carefully listened to and read his speech on the address and having read and listened to the reply of the Prime Minister (Mr. Mackenzie King), our sense of security as Liberals is such that I am wondering whether the beau geste of the Prime Minister at the time of the London by-election was altogether disinterested.

May I extend my congratulations also to the hon. member for Brandon (Mr. Matthews) upon his able speech. He has good reason to be proud of his success in Brandon, and we are glad to welcome him among us.

(Translation) I also wish to offer my congratulations to the hon. member for Stormont (Mr. Chevrier). The legitimate feeling of pride which his success in this chamber has caused to us of French origin can easily be understood. He has revealed himself a brilliant politician and indefatigable worker, with an intelligent interest in all the difficult problems which confront the legislative bodies of the country. I trust his constituents will keep him a long time in the House of Commons, so that he may fruitfully continue an already promising career.

The speech from the throne refers to present developments throughout the world, which are of grave concern not only to those charged with the administration of public affairs, but to the entire country, nay to all the countries of the world. Every day we anxiously open the papers to find out the latest developments in the international situation. Last September we all breathed a sigh of relief when, thanks to the intervention of the Prime Minister of England, Mr. Chamberlain, war was avoided at the last moment. Those of my generation especially, who vividly recall the horrors of the last war, rendered thanks to Providence that the intervention of the great English statesman had succeeded, for a time at least—for ever—in ensuring universal peace. I suggest that the leader of this country was largely responsible for that result. From nearly every quarter attempts were made to obtain from the right hon. the prime minister, or from the government, statements that would have committed Canada to one stand or another, but with his well known caution our leader was more than a match for those who wished to extort from him an ill-timed statement.

As stated in the paper I have just quoted, the right hon. the prime minister is a true Canadian, and I believe it is high time that his Canadianism should be shared by other eminent public men who seem to have much more concern for the interests of the empire than for those of Canada. A few days ago, I was reading lectures and speeches delivered all over the country by the erstwhile leader of the Conservative party during his farewell trip. He is a former prime minister and the predecessor of the present leader of the opposition (Mr. Manion). He always gives the impression of having at heart the interests of the empire to the extent, I am afraid, of forgetting that the duty of a Canadian is, above all, to promote the interests of Canada. We have just one country: Canada. It is all very well to watch over the safety of the empire, but it is more legitimate and patriotic to look after the security of Canada.

I should like to read an article from the January 25th issue of the Liberal party's organ in Quebec, which I am sure reflects the opinion of the majority of my compatriots from Quebec. In an editorial entitled "His last will", *Le Soleil,* of Quebec city, had this to say:

> To look after the safety of the empire, such is the ideal which Right Honourable R. B. Bennett propounds to the young people of Canada, at a time when he is leaving this country to enjoy in England the consideration he has earned through his loyal services. The former

Tory leader is thus at variance with his political platform of 1930, which he used to sum up in two words: "Canada first." Moreover, in that farewell speech the words and the actions of the speaker are not in harmony.

After all, he is a healthy, wealthy and influential man who now renounces the duties of Canadian citizenship in order to go and lead an easier life in a country where he will be able to fulfil other ambitions. Like a successful adventurer he takes away with him what he earned during a long stay in the colonies. Obviously, he does not realize that he is setting a bad example. Otherwise, he would feel some embarrassment in laying down a policy for those who are staying here.

In conclusion the editor of *Le Soleil* writes that for some Canadians—

—that last pilgrimage to the imperial fatherland is not unlike the crowning of a wish similar to the one which an exiled Arab makes when turning towards Mecca he invokes Allah. But for those native citizens who have just one fatherland and do not want to serve another, the action of the abdicating leader shows the danger of the imperial delusion.

Taking these facts into account, I do say that we in Canada are well advised in supporting the man who truly exemplifies the feelings of Canadians. And that is, without the least doubt, the reason why the province of Quebec has not hesitated in supporting the present prime minister.

In the speech from the throne reference is also made to the importance for Canada of having adequate military defences. In this connection, I should like to quote from the speech delivered by the leader of the opposition during the debate on the address. His words were obviously intended for the province of Quebec. Here is what the hon. the leader of the opposition said:

If some of the right honourable gentlemen from the province of Quebec had not been so assiduous, in years gone by, in preaching to the people of that province the doctrine that this party was the militaristic party because we believed in a certain amount of defence, about half of what we have to-day—if they had not been so assiduous in building up prejudice—they would not to-day find it so difficult to remove the prejudice which they built up in regard to defence.

Mr. Speaker, anyone who asserts that we, from the province of Quebec, are against defence is saying something that is absolutely unfounded. Nothing shows that such is the case. We have our own opinions and freedom to express them is the very essence of liberalism. A few of my hon. fellow-members have done so. By-elections have since been held in the province of Quebec and the armaments question has been discussed before the electors, and everywhere we have gained signal victories. To the hon. leader of the opposition who suggests that some of our leaders have built up prejudice in the province of Quebec, I will say that his statement is unfounded and unwarranted. But I remember quite well that some twenty years ago, the hon. the leader of the opposition was in sympathy with a government which succeeded in raising prejudice against the province of Quebec in all the other provinces of the dominion. We, from Quebec, do not claim that Canada should have no defence or armaments; on the contrary, but Canada is our only fatherland. We are neither French nor English, we are Canadians, and our only fatherland is Canada. When we are requested to vote for an increase in the estimates of the Department of National Defence for the protection of Canada and the defence of our territory, I say that Quebec is willing to support that, but we do not want to share any longer in foreign ventures; that is all we have said and that is the feeling of the province of Quebec.

Mr. Speaker, unemployment of course is a matter of concern for all governments. This government refers to it in the speech from the throne. Last year, it was my privilege in this house, to say a few words about the elimination of abuses in the organization set up for the relief of unemployment through projects initiated by the provincial authorities of Quebec or carried out by them in cooperation with the dominion government. I mentioned cases where the Quebec government showed discrimination against destitute people solely because they did not share their political opinions. It is a well known fact that the government of the province of Quebec refuses to cooperate with the dominion government. Last session I asked the government this question: Is a responsible government justified in asking the House of Commons to vote millions of dollars of the tax-payer's money to be spent by another government which has so often showed bad faith and from which no cooperation can be expected? Subsequent events force me to repeat this question and to ask if such a condition should continue.

Last year I had to inform the Minister of Labour (Mr. Rogers) that I had repeatedly asked the administrators of the youth training plan in the province of Quebec, but always in vain, to give to some of my electors an opportunity of taking advantage of the plan. I am glad to acknowledge to-day that my recommendations have had at least partial effect, for I have since succeeded in my attempts on behalf of a certain number of unemployed young men residing in my constituency. It seems to me, however, that the application of the scheme could be extended somewhat. There are, for instance,

young men who would have liked to take courses at the Quebec technical school. I recommended some of them, but I was told that they could not be admitted this year under the youth training plan.

Youth is such an important factor in any nation that we ought to be more generous with regard to that part of our population. Our contribution to that plan should be larger in order to give young men and women, who have reached or will soon reach the age of earning their livelihood a chance to take advantage of the present depression to learn a trade that will enable them to serve the community at some future time.

The sons of our farmers cannot easily avail themselves of the opportunity offered by the youth training plan. May I suggest that extension courses in agriculture should be given more extensively? During the winter months, young people in the rural districts have practically nothing to do. If agricultural experts could visit the different parishes in order to give such extension courses, young people could improve their knowledge of agricultural sciences and prepare themselves to make a more useful contribution to the development of agriculture. Such an expenditure would prove to be a good investment. As I represent an almost exclusively rural district and am acquainted with the facts, I am satisfied that legislative bodies would do well to give more attention to the youth of our rural communities. I would therefore ask the Minister of Labour (Mr. Rogers) to take such steps as may be necessary, under the federal-provincial agreement, to call the attention of the youth training committee to my suggestion.

Does the government propose entirely to assume the cost of old age pensions as some people have suggested? I cannot say. But let me urge upon the government, if provincial governments are to retain the administration of the act, the necessity of at least appointing federal inspectors to see that those who are entitled to it get a pension and to avoid any favouritism in that respect. In the province of Quebec, there is cause to complain of the shameful partiality shown by the provincial government. Consequently, the federal government would be well advised to ensure an equitable distribution of pensions.

During the Christmas holidays, I read a circular letter addressed to all those in receipt of government pensions by the Union Nationale member for the county of Dorchester. In that letter, he emphasized his solicitude in their behalf, and all the trouble he had taken in order to secure old age pensions for them. Mr. Bégin added that, so long as he is the representative of their electoral district, those poor old people could feel assured of their economic security, without mentioning that 75 per cent of their pension is paid by the federal government. I want to call the attention of the government to that fact, which shows that all possible means are used in the province of Quebec for political propaganda.

I desire to join with hon. members who have congratulated the Secretary of State (Mr. Rinfret) for his recent statement in Montreal. I fully endorse the words not only of the minister but also of my fellow members, and especially of the hon. member for Portneuf (Mr. Gauthier). I sincerely congratulate him for his speech in this chamber. He accurately expressed the sentiment of my compatriots of the province of Quebec. I heartily join with my desk-mate, the hon. member for Champlain (Mr. Brunelle) in congratulating the Secretary of State for his statement. We have nothing against any minority, but we are opposed to all immigration. We should solve our own problems instead of aggravating them and creating new difficulties. After we have found a job for every unemployed man in Canada, we will be in a position to cast a sympathetic eye on other nations of the world labouring under hardships. Until then, let us devote all our energies to the solution of our own problems.

In conclusion, sir, I again make this appeal to my fellow members and all Canadians: By all means, during the difficult days in which we live, let us act and think as Canadians. The affairs of our own country must engage all our attention. Let us silence those who create prejudices and try to set one class of society against the other in order to gain some personal benefit. United, we will be able to do something for Canada. Let us think a little more of Canada, our country, than the British empire.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, before commencing my remarks on the speech from the throne I should like to add a word of praise for the speeches of the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply. I thought the hon. member for Brandon spoke excellently and I have no doubt he was aided considerably by the odd timely nod and smile of your honour, which has meant so much to all of

us new members in this parliament. Of course the hon. member for Stormont also spoke well; we all knew he would do so. Although one of our youngest members, he is one of our ablest and at the same time one of our most modest, and I have always believed that he is destined to render great service to Canada. I wish I could say as much for the government.

To-night, however, I aim to be entirely constructive in my criticism of the government, and I intend to offer them sincerely certain suggestions which I know will be accepted in the spirit in which they are given. I do this particularly because in these days, as we all know, there are literally thousands upon thousands of good Canadians who are unhappy and unsettled and whose lives could be greatly brightened if this government will only act at this session.

As the basis for my suggestions may I say that, looking back, I am convinced that from the start, from the year 1935, this government have made one great mistake. Of course, there have been many minor mistakes, but they have made one great mistake, and judging by the speech from the throne, and particularly by the speech of the Minister of Trade and Commerce (Mr. Euler) delivered yesterday, they plan to persist in that same mistake, which is, in expecting too much from our export trade instead of placing equal importance upon improving directly the living conditions of the Canadian people.

Coming from the great Pacific port of Vancouver, one of the gateways of British Columbia, which is an export province, I realize to the full the importance of developing our overseas markets. But side by side with the development of those markets there should have gone policies for the improving of conditions within Canada. Take, for example, the 1935 trade agreement with the United States. That obviously did not solve our internal problems, and the new Canada-United States trade agreement, with the concessions made by Canada in respect of the United Kingdom agreement, will not solve these problems. They may help a bit; though I am afraid they will not, I hope they do. But no one in British Columbia, or at least no considerable body of people in that province, expects them to create many jobs. The people there fear that the agreements will wipe out present jobs. In fact the general reaction is the negative one, "Oh, well, they might have been worse."

But now that these trade arrangements are concluded, I urge the government to give its undivided attention to conditions within Canada, and particularly to the problem of what is to be done about Canadians on relief or on aid of one type or another, ranging in number from approximately three-quarters of a million to a million as the seasons change, and that after we have been in a depression for eight or nine years. The government should also face the problem of what is to be done about those other Canadians, numbering no one knows how many thousands, who are living from day to day on the verge of relief, not actually on relief but very near it, in fear of what the morrow may bring forth. Both these groups are without security for future happiness and without much incentive to be enthusiastic over Canada or over Canadian institutions.

The speech from the throne offers these two groups very little more than the same old soothing syrup of public works. We all admit that public works are not a solution; they are merely a stop gap; and yet that is what we are offered in the speech from the throne. For the permanent solution of the problem we have a promise. Promises are great things, and we have the promise that after the Rowell commission reports there is going to be a national conference at which, I quote from the speech from the throne:

> . . . among the important subjects to be dealt with will be the problem of unemployment and social services generally.

In other words, this government is marking time on this issue of relief and security, continuing the great mistake that has been made by Canadian governments since the depression began, of treating unemployment as an emergency, treating it as something local and temporary, instead of what it is, a great national issue.

I suggest that at this 1939 session the government, while it still has the chance, take the first step toward providing unemployment insurance by passing an act authorizing the dominion to pay, to those provinces which set up a satisfactory unemployment insurance scheme, either the whole or part of the cost. This was the way in which Canadians got old age pensions. I would refer hon. members to section 3 of the Old Age Pensions Act, which tells the story. It reads.

> The governor in council may make an agreement with the lieutenant-governor in council of any province for the payment to such province quarterly of an amount equal to seventy-five per cent of the net sum paid out during the preceding quarter by such province for pensions—

Then I stress these words:

> —pursuant to a provincial statute authorizing and providing for the payment of such pensions to the persons and under the conditions specified in this act—

That is, the federal act.

> —and the regulations made hereunder.

No doubt it would be more workable and less expensive to have unemployment insur-

ance provided for under dominion law exclusively, but it seems obvious that the provinces will not agree that the dominion should have the necessary power. For example, I would refer the house to the speech from the throne in 1938, particularly to that portion dealing with unemployment insurance, which reads:

> The cooperation of the provinces has been sought with a view to an amendment of the British North America Act which would empower the parliament of Canada to enact forthwith a national scheme of unemployment insurance. My ministers hope the proposal may meet with early approval in order that unemployment insurance legislation may be enacted during the present session of parliament.

That was a year ago. Since then it has developed that three provinces, Alberta, Quebec, and New Brunswick, will not agree, and apparently the government are bogged down on unemployment insurance. Judging by the speech from the throne this year, it is now in the government's land of dreams; for we find this lone reference:

> The government have not altered their view that a national unemployment insurance scheme is essential to a permanent policy of meeting the problem of unemployment.

Unemployment insurance will not settle the relief problem, but it will partly settle the problem of security for Canadian wage-earners, and it should not be delayed one day longer. There is no reason why Canada, with her progressive people, should lag behind the rest of the commonwealth in security legislation. I am afraid the main reason that such is the case is that we have the most out-of-date government in the commonwealth.

My second suggestion is that the government have a committee of this house look into the possibility of extending old age pensions to Canadians between sixty-five and seventy years of age. It seems absurd to me to force people over sixty-five to work, with thousands of young people clamouring for work and unable to get a start in life. It may be that we would require a contributory scheme, but the whole question should be investigated and should be investigated now, not after the Rowell commission reports and not after the next election. In any event the government should stop the present tendency to treat those elder Canadians who apply for pension as paupers—which is an objectionable feature in the administration of the act at the present time, and very far removed from the original intention, which was that pensions should be a reward to pioneers.

As a third suggestion, I recommend that the government have part II of the National Housing Act amended at this session; that is, the part dealing with low rental housing. It

was passed last year with the best of intentions from all sides of the house. A $30,000,000 fund was provided, and yet not one dollar of that fund has been spent. Apparently this part of the act is a dud, and the reasons for that, at any rate in the city of Vancouver, are two. First of all, under the provisions of the act the taxes that a municipality levies must not exceed one per cent of the cost of construction. We have been met with the argument that it is unfair that a housing scheme in one block should be taxed only on the basis of one per cent whereas property across the street is taxed on the basis of, say four per cent. For that reason there is a strong objection to the act. The other objection is this: under the act rentals paid must cover carrying charges; for example, on a home which cost $2,400, the carrying charges amount to about $14 a month, so that that amount of rental must be collected; but then there is the further provision that the tenant cannot pay over one-fifth of the family income; this means that the income must be at least five times $14, which amounts to $70, so the lowest income group which can be helped must have an income of $70 a month, which amounts to about $850 a year. There are hundreds of thousands of Canadians who are below that income group, probably all the people who need the help, so part II of the act is of no use to those who need it most, and in addition competes with the ordinary house owners who are desirous of renting their property.

I suggest that the act should be amended to meet these difficulties. I do not know just how it can be done—perhaps by providing that municipalities can tax up to two per cent, and certainly by giving the dominion power to make contributions to what is known as a rent reduction fund. At the present time only the municipalities and the provinces can contribute to such a fund.

There is great need of low rental housing in Canada. I do not want to take the time of the house, but I would quote briefly from the interim report of the national employment commission, which, at page 11, sets out the conditions very clearly. It is the report to the government made in July, 1937:

> The commission recognized the desirability of a rounding out of governmental housing policy, particularly as regards accommodation for those unable themselves to afford an economic rent—often associated with slum clearance. Action in this field was considered necessary both from the viewpoint of eliminating a social sore all too prevalent, especially in the larger cities, and because of its effect in stimulating employment in the construction field.

Then they go on to make this startling statement:

In making this recommendation the commission was influenced by the fact that Canadian governmental bodies had expended some $14,000,000 in 1936 to rent accommodation for relief recipients, and that in many instances such accommodation was unsanitary and unsuitable in the extreme. The commission feels that such a situation should not be allowed to continue in that it breeds conditions tending to increase unemployment by decreasing the employability of numbers of workers, thus making it harder for them to secure employment.

The fourth suggestion I would make is that the government follow the recommendation of its own national employment commission by setting up a national employment service in Canada. The present position is that the provinces have their employment agencies and the dominion subsidizes them to an aggregate sum of $150,000 a year. The commission found that these employment agencies are entirely inadequate. I should like to make it clear that I have nothing but praise for the personnel of the men in these employment agencies. They are not being given a chance to do the job. But this commission has found that our employment service is entirely inadequate. Appointed in June, 1936, it was only two months before the commission recommended to the government that these agencies should be administered by the nation. Five months later, in January, 1937, we find another emphatic recommendation that it was of vital importance that Canada should set up national employment agencies. Nothing was done in either case. Again, six months later, in July, 1937, we have the interim report of the commission, and I should like to read to hon. members one of the statements found at page 17 of that report:

Employment Service of Canada

Early in the commission's investigations it became evident that the first and most vital step necessary to the successful handling of employment, re-employment and aid administration problems is the development of more efficient employment services throughout Canada. The present provincial employment services are in practice unfitted to meet the exigencies of the situation.

Again nothing was done, although the commission pleaded for action. In the final report, brought in a year ago—I believe it was a year ago to-day; no doubt members of the government will remember it very well—we find this further strong recommendation, one of the most emphatic recommendations of the commission. Dealing again with the national employment service it states at page 15:

The requirement here, as pointed out on page 19 of the interim report, is the prompt modernization and extension of the employment service of Canada, this with a view to a better linking together of employer and employee; to providing focal points for attacks on local employment problems, and as a means of gauging the relative degree of employability of those in receipt of aid. In discussions which the commission has had in recent months, general agreement has been expressed by all provincial governments as to the unsuitability of the existing set-up, and of the restricted services of the provincial employment services in fulfilling these vital functions.

The commission wishes to emphasize the urgency for action. It recommends that the service be placed immediately under the direction of the dominion government, both as to controlling principles and broad policies, but with provision for the appointment of strong regional directors, and regional advisory councils, to whom certain decentralized powers would be given, so as to ensure adequate weight being accorded, and attention being paid, to the problems peculiar to particular regions.

Similar advisory councils were used with great success under the home improvement plan.

Yet nothing has been done. Probably this is the worst example of drift by this government. The folly of such inaction is best shown by pointing to their fine youth program, for which I think the government are to be commended; yet there is no proper employment service to help these youths find jobs after they have completed their training. This condition is so bad that the minister of labour of British Columbia, Mr. Pearson, speaking in the provincial house last November, is reported by the Vancouver *Province* as saying:

"I'm not satisfied with the present set-up myself." . . . When the federal government proposed to take over the whole matter, in conjunction with unemployment insurance, he had had visions of an efficient employment service in charge of the provincial authorities, but had dropped it. He had waited in vain for Ottawa to act. Finally, he said, he had debated the matter of dominion and provincial employment service and last year decided the dominion intended to do nothing for the present, so set about his own reorganization plan.

"I started on the women's section, which needs reorganization more than the men's," Mr. Pearson stated. "I am going ahead," he said, "in spite of the indecision of Ottawa, and in the hope of permissive unemployment insurance in the provinces."

Then I suggest that the government follow the further recommendation of its own national employment commission, that through a national employment service the government take over the administration and payment of unemployment aid for all employables, as distinguished from unemployables, freeing the provinces and municipalities of this burden which certainly should not be the burden of the municipalities, because in the end that means a burden on the homes of

Canada. There is no reason why the municipalities should be responsible for the burden of such relief under the present tax set-up in Canada.

Meanwhile the government should do something about the problem of non-residents and migrants wandering by the thousands back and forth across this country. There are several steps the government could take. In the first place they could lay down uniform residence provisions. Each year a great deal of the money by way of grants-in-aid goes from the dominion government under agreements with the provincial governments. I suggest that in these agreements the government insert a provision that each province, in accepting the money, must adopt uniform residence standards so that we shall not have the present difficulty of one province insisting on two years' residence, another on three years, another on one year and so forth. This principle has been adopted in the agreement with British Columbia concerning municipalities in the province, by means of the following paragraph:

> The province agrees to maintain such residence regulations that no person shall become ineligible to receive material aid by reason of having lost residence in one municipality or jurisdiction within the province before having established residence in another—

I say a similar provision should be written into the agreements to provide for regulations as between the provinces. Then the government should take full responsibility for the real migrants, those Canadians who cannot meet residential qualifications in any province; for those hundreds who really are not fit, the older men who are "burnt out," I suggest that the government set up farm hostels operated on a subsistence basis; certainly these men should be withdrawn from the employment market.

Another suggestion, which I particularly wish to present to the Minister of Transport (Mr. Howe), is that the government should place far more emphasis upon the trans-Canada highway than they do at the present time. To me the trans-Canada highway means not only jobs in connection with construction; it also means jobs resulting from tourist traffic, and most important of all it means a wonderful way of promoting unity in Canada. Anyone coming from the more remote provinces of Canada cannot fail to be impressed by that argument. If this highway is completed it will give thousands of Canadians, who otherwise could not get it, an opportunity to travel across their own country and to meet and understand their fellow-Canadians. I would point out that at the present time there are two gaps in the trans-Canada highway. In British Columbia there is a small gap known as the Big Bend gap; but in the northern part of this great province of Ontario there is a gap of about 250 miles, with very little apparent effort to have that gap completed. Someone suggests that is due to failure to agree with Mitch, and that may explain a lot. But surely it is not too much to ask or expect that action should be taken, and at this session; and in that connection I should like to remind the house of the policy of the National Conservative party on this project:

> The National Conservative party reaffirms its policy of completing the construction of and the future maintenance of a trans-Canada highway from coast to coast as a national undertaking.

If this government does not hurry up and do that this year, it will not get a chance to do it at all.

My final suggestion is that this country this year should accept full responsibility for its veterans who served in France or another theatre of war and who are at the present time on the relief rolls across the country. In other words, I believe Canada should accept responsibility for its fighting men. I do not think there are many people in Canada to-night who would not say heartily that this responsibility rests right here, with the dominion government. Yet year after year we have been unable to get the government to take any action. They have taken the responsibility for the unfit man, but they will not assume responsibility for the fit veteran who wants to work but is unable to find employment. That is the stand of the government despite the recommendations of the Hyndman committee as far back as 1935 and the recommendations of its own Rattray commission in 1937 and again in the final report of 1938. I should like to refresh the memory of hon. gentlemen with regard to the recommendations of that commission, which are to be found at page 63 of the report:

> . . . the commission has come to the conclusion that it can do no less than recommend that the dominion government accept responsibility for all indigent unemployed veterans who were domiciled in Canada at date of enlistment and who saw service in a theatre of actual war.

There are only about ten thousand of them, according to the commission, so it is not as though there were hundreds of thousands of these men to be provided for. The reasons given by the commission for that recommendation still hold good, and have not been answered by this government. One reason, for example, is that the average age of these men is about fifty years. What possible chance under present conditions has a veteran fifty years of age of finding employment? It has been found further that these men are pre-aged, that they have suffered through loss

of training during their younger years when they were serving at the front, and that they are a marginal group on the labour market; in other words, that they can work for only a few months or a few weeks at a time. The commission also found a fact which every hon. member knows to be true, that the tendency of the municipalities and the provinces is to say to those veterans on relief, "Oh, you belong to the dominion government; what are you bothering us for? It is not up to us to look after you. You should be cared for by the dominion government." The final and the most telling reason given by the Rattray commission is this, as it appears at page 40 of the report:

> We feel, as we are confident the country at large feels, that no matter what Canada has done to requite the services of her veterans, her obligation to them is not discharged while one of them walks the streets vainly in search of work, or while one of them is in distress.

These men served Canada. We were proud of the word "Canada" on our shoulder-straps. We were not serving British Columbia, Ontario, Prince Edward Island or any single province; we were serving Canada. The responsibility for the care of those fighting men rests with the Canadian government, and the form the assistance to be given them should take is a matter for the government to decide. They may adopt the recommendation of the commission for a provisional economic allowance, or they might consider an extension of the War Veterans' Allowance Act. The point is that the responsibility rests right here.

In conclusion, may I say that all these are problems within Canada. The government has its precious trade treaty. Now let it get down to business at home. Let it face these vital issues now, in the 1939 session. Canada cannot afford to lose these years for development, for progress and for bringing greater happiness to her people.

Mr. J. J. DUFFUS (Peterborough West): Mr. Speaker, I hope the hon. member for Vancouver South (Mr. Green) does not expect me to follow him in all his arguments, much less to agree with them. At the outset I desire to join hon. members in paying my humble tributes to the hon. members for Essex West (Mr. McLarty) and Edmonton West (Mr. MacKinnon) upon their elevation to the cabinet. I am confident both of these gentlemen will do great honour and credit to themselves, their constituents and the government of Canada.

One of the reasons I have sought the indulgence of the house at this time is that I do not wish the opposition groups to conclude that because I occupy a seat on this side of the chamber I am in agreement with their philosophies, their theories or even their bitter criticism of the government and the splendid legislation it has brought down.

In order to do my part towards making it possible for the house to prorogue prior to the royal visit, which I believe should be the aim of all hon. members, I shall be as brief as possible.

With what has been so eloquently said by previous speakers of the great honour to be conferred upon the people of Canada by the proposed visit of Their Royal Majesties King George VI and Queen Elizabeth, I am in full accord. I am sure the committee which has this important matter in hand will arrange for and extend to their royal majesties a very cordial welcome and fitting reception.

I wish also to express my congratulations to the hon. member for Brandon (Mr. Matthews) and the hon. member for Stormont (Mr. Chevrier) upon their excellent speeches in moving and seconding the address in reply. Each acquitted himself in a very creditable and dignified manner. I desire also to take advantage of this opportunity to congratulate most heartily the leader of the opposition (Mr. Manion) upon the honour which has come to him upon being elected leader of the National Conservative party and of His Majesty's loyal opposition.

Permit me to refer, with a limited amount of pardonable pride to the constituency of Peterborough West which I have the honour to represent, a constituency comprising the industrial city of Peterborough, one of the finest cities in Canada; Lakefield, the "village beautiful" on the Trent waterway; the fertile township of South Monaghan lying "sunny side up" on the shore of Rice lake in Northumberland county, and eight townships dotted with lakes and rivers in the county of Peterborough. The residents of the agricultural area of that constituency, in their efforts in advanced agriculture, have achieved many outstanding records in dairying, live stock, grain and other products.

I believe I can give the house a concrete example of how a judicious management of public affairs can bring about happiness, economy and increasing confidence. During and subsequently to the war, the city of Peterborough looked to the future with a determination to reduce debt. For several years past the city has not issued any debentures. It has, moreover, paid out of current revenue all relief costs, and in addition has gradually reduced its mill rate.

The net debt of the city of Peterborough at the end of 1933 was $3,145,900. In the intervening years this amount has been reduced

by approximately $1,205,900, leaving at the present time a net debt of approximately $1,940,000. I am proud to say that, at this ratio, within a few years the debt will be entirely wiped out.

The county of Peterborough also is in an enviable position financially, with a debenture debt of only $85,000, which is rapidly being reduced. I am sure hon. members will agree with me when I say that the favourable financial condition of the city and county of Peterborough is tangible proof that when spending bodies deliberately plan to balance their budgets, they can do so. It is marvellous what economies can be effected in public administration without impairment of its efficiency, when once a governing body sets its mind seriously to the task of bringing it about.

Peterborough is a Mecca for home-seeking citizens and manufacturing concerns looking for favourable locations. Peterborough is blessed with low taxation, cheap electrical power, unsurpassed labour conditions and attractive living surroundings. There are many winter and summer resorts in the immediate vicinity, and skiing, boating, fishing and hunting facilities are right at her door. Obviously the house is aware that the attractiveness of a community is enhanced by the character of its people and institutions.

The constituency of Peterborough West has a population of approximately 45,000 people, among the best citizens of the Dominion of Canada. Her industries and institutions are unsurpassed. In Peterborough there are eighty-one industries, large and small, of greatly diversified character. The customs receipts for the year just closed soared to a total of $2,085,840, the second highest in the history of the city. This is ample proof of the extent of the business enjoyed by our manufacturing concerns and business institutions.

The city and county of Peterborough is the gateway of that great recreation area known as the Kawartha lakes, which with the Trent are said to constitute the most beautiful waterway in the world. The district enjoys an average annual tourist revenue of approximately $500,000. Obviously the expenditure of this sum of money is of great value to our business people, our hotels and restaurants, our summer resorts as well as our farmers and gardeners. These people are provided with a substantial ready cash market for a large amount of their products.

It is only too true that conditions generally throughout Canada have not improved as rapidly as we all hoped they would. This state of affairs is definitely due to world conditions, to the crop failures in western Canada, to the serious recession in the United States of America and also to the war-clouds that gathered in Europe and the far east which threatened human rights and the choicest fruits of modern civilization. The recession in the United States, the extent and duration of which was not anticipated by any of us, reduced substantially the sale of many important Canadian products in that market. Moreover, other world markets were affected also, causing a further indirect contraction in the sale of our products. Wars and alarms of war in Europe and the far east seriously dislocated markets and produced an atmosphere of uncertainty and fear which was not conducive to the normal functioning of business enterprises. Notwithstanding these handicaps, Canada has made substantial economic advances since this government came into office a little over three years ago. This improvement was due to the splendid trade treaties entered into with many of the great trading nations of the world, which treaties resulted in exports of upwards of $4,000,000 a day.

I have every confidence that the new Anglo-United States-Canadian pact will have far-reaching effects in reducing world trade barriers which, in the minds of a great many people in Canada, have been the chief factors in perpetuating economic and social distress. I believe that these treaties will strengthen the democracies and brighten the prospects for the preservation of peace. It is amazing to me that so many hon. members are so bitter in their criticism of the government in respect of these trade negotiations with our great neighbour to the south, which comprises our largest market right at our door. The same applies to the trade negotiations with the United Kingdom.

May I refer for a moment to a conference of the Canadian chamber of commerce held in Hamilton last May, which issued the following statement in connection with governmental policy:

> This conference believes that the deepening of national channels of world commerce by the negotiation of trade agreements with other countries carrying reciprocal benefits is one of the major tasks before the people of Canada.
>
> The conference further concurs in the established policy of the federal government to remove the fettering restrictions of international commerce. Such a policy provides the only constructive alternative to extreme economic nationalism which has already proved so damaging in its limitations of the freedom of world commerce.
>
> The imperial trade pacts and the trade agreements or conventions with foreign countries made during the last few years have been beneficial to Canada's export and import trade, and are thereby contributing to domestic

prosperity and demonstrating that prudent negotiations actually improve international trade relations without impairing the general domestic well being.

The conference deems such agreements a sound method of trade encouragement. The conference regards with satisfaction the impending readjustment of trade agreement between the United States and Canada as evidence of the desire of both countries to promote reciprocal trade.

All the proven benefits of the Canada-United States agreement of 1935 have been extended until the end of 1941. A great many trade stimulating concessions have been accorded by these two countries. Moreover, the most important tariff adjustments in Canada's history have been incorporated in the new trade agreement which was signed at Washington on November 17 last by the right hon. Prime Minister (Mr. Mackenzie King) and the United States Secretary of State, Mr. Cordell Hull. At the same time the history making trade agreement between Great Britain and the United States was signed. Both these treaties have paved the way for tremendous increases in commercial traffic between the United States, Great Britain and Canada for a period of three years. In their combined effect they will influence the major portion of world trade. Roger W. Babson, after his return from a recent trip to Europe, made the following statement:

I have come back very bullish of Canada. All indications point to vital developments in Canada during the next few years. There is no doubt that an unusual condition exists in Canada to-day. Purchasing power, according to our estimate, will be the greatest this fall and winter of any time in the last decade. The recession of the past twelve months is over. Recovery is here. We look for a new peak in Canada in 1939.

In my humble opinion, Mr. Speaker, if Canada does not continue to cooperate in every reasonable way with the United States of America and the United Kingdom, we shall largely be left out so far as markets for our ever-increasing products are concerned; hence the reason for the recent negotiations, in order to secure and maintain greater advantages. We must cooperate with respect to every single item that is of mutual advantage. By the exercise of cooperation and common sense we have built up a record of increasing good will, a rich natural asset that is not surpassed anywhere in the world.

The chief hope for the future lies in linking up the democratic countries of the world by a restoration of international trade, which will stimulate consumption all round and reinforce the expansion of internal markets with the parallel expansion of foreign markets. No one can prophesy the progress that will be made in this direction during the next year, and it is encouraging that at last more practical views prevail than those which formerly impeded the way to durable social and economic improvements. It is upon this that I base the hope that a Canadian economy more sufficient and productive than ever before will soon overcome the new difficulties of recent months and resume a progressive course in the future.

I come now to the savings effected by refunding and the lowering of interest rates on Canada's debt. As a result of the successful refunding by the present government, of Canada's direct debt at lower rates of interest we are enjoying a saving of nearly ten million dollars annually. Similarly the refunding of Canadian National railway bonds has resulted in a saving of upwards of three million dollars annually. On March 31, the end of the fiscal year 1931, the average rate of interest on Canada's outstanding debt was almost five per cent, but since then the average rate has been reduced to approximately 3½ per cent. In addition, a substantial revenue has been obtained from income tax collections as a result of the refunding of $326,086,600 of tax-free bonds. This revenue amounts to approximately fifteen million dollars annually. These are extraordinary savings to the Canadian taxpayer. It may be information to some hon. members that, notwithstanding the increase since 1930 of over one billion dollars in the public debt of Canada, the total interest burden to-day is less than it was at that time.

Coming to the National Housing Act, to my mind in view of present-day conditions, this act as brought down by the government last year is an achievement which was directed to the fundamental needs of our country. It was one of the most timely and far-reaching pieces of legislation that has ever been introduced into this house. It is a great satisfaction to me to be able to state that in my home city, as a result of the housing act, construction expenditures reached a total of upwards of $500,000, included in which were 102 dwellings compared with less than $190,000 odd in 1937, notwithstanding the fact that the act was in operation for only approximately five months of the year.

I should further point out that there has been no expansion of industry or real estate activities, and hence the benefits I have mentioned must be attributable almost entirely to the advantages of the act. Construction industry labour was at a premium during the latter months of 1938, while in previous years lumbermen, carpenters, bricklayers, plasterers, painters, masons, plumbers and electricians were in dire need of work.

If we approach this question nationally, from the standpoint of labour, it is estimated, taking the generally accepted basis that eighty per cent of the cost of construction goes to labour directly or indirectly, that new home-building activity financed under the dominion housing legislation accounts to date for a payment to labour of approximately $29,000,000; and if advances of over $24,000,000 under the home improvement plan are also taken into account, it is evident that the combined total has provided for the payment to labour of a sum amounting to date to about $53,000,000. This is a formidable figure, and the expenditure of this amount has obviously greatly assisted labour, notwithstanding the criticism of hon. members opposite.

In view of the extremely rapid increase not only in the number of loans being negotiated but in the increasing number of municipalities all over Canada that are taking advantage of the benefits of the National Housing Act, it is difficult even to hazard a conjecture as to what the increased activities of the construction industry will be during this and following years. It may indeed tax our lumber and building material industries to the limit.

Speaking of the basic industry of agriculture, which all hon. members admit is the bedrock foundation of stable prosperity for all our industries, it must be obvious to all that the Anglo-United-States-Canada treaty, with its great possibilities of increasing world's markets, was designed also for the purpose of giving our farmers the assistance which they so greatly need and to which they are justly entitled. I should like to make some extensive observations in respect of agriculture, but time will not permit.

Farmers are the founders of civilization. More and more agriculture is honoured with a place among the sciences. It is a science of necessity, a science which has stood the test of ages. Our country's weal and woe depend absolutely upon agriculture and the farmer. Empires have risen and crumbled into dust; various arts have been learned and forgotten; but agriculture still survives. Many nations owe their life and progressive advancement to the character of their agriculturists. Amidst all the mechanical skill that has characterized nations, agriculture has held a distinguished position. The happiest days of ancient Rome were marked by agricultural prosperity. When Italy was in danger, consequent upon the evil of civil wars, every effort was made to restore that noble art in order to rescue her from ruin. In the primeval ages agriculture was the commodity parent of traffic. To-day it is still essential for the promotion of trade in general. If all our mines of gold and silver became exhausted, our commerce with all nations prohibited; if all art were abolished, the fertility of the land alone would supply sustenance for the people of the earth.

May I express the confident hope that the hon. Minister of Agriculture (Mr. Gardiner) and his colleagues will continue their efforts toward bettering the lot of those without whom it would be impossible to find a means of sustaining the teeming millions of the world. In this connection I suggest that the government give consideration to the advisability of bringing down during this session, legislation, such as exists in some of the provinces, with a view to controlling the orderly marketing of all farm products.

In view of the successful efforts of the government in so many directions it is little wonder that there is increasing confidence in the minds of the people of Canada. Canada's Prime Minister (Mr. Mackenzie King), with his fine sense of constitutional accuracies, has always served the best interests of Canada, Britain and the British commonwealth of nations, with unparalleled distinction. His expressed determination that a strong, united empire is the best guarantee of world peace at a time when communism and other isms are so prevalent is recognized throughout the world. The enhancement of national unity, the demolition of sectional barriers, the stimulation of a deeper spirit of community interests and all his utterances, both in parliament and out of it, reveal a conspicuous consistency of policy resulting in the present government enlisting a continually widening circle of favour in the dominion. When Canadian history is written, our present Prime Minister will come into his own as a prime minister whose achievements do not deserve him to be ranked less than Canada's most outstanding statesman among those who have preceded him.

Speaking before the press after the session in 1936 the late Right Hon. Sir Robert Borden said:

> Dunning is a splendid fellow, the highest type of public man, who enjoys the confidence of his countrymen, and well may they be glad that he has charge of a department of such tremendous responsibility in these critical days.

And further, "Young men of promise" was his description of the Minister of Labour (Mr. Rogers); the Minister of Transport (Mr. Howe); the Minister of Pensions and National Health (Mr. Power); and the Minister of National Revenue (Mr. Ilsley). What Sir Robert said in respect of these hon. gentlemen in my humble opinion applies equally to the other members of the cabinet, including the two new appointees.

How fortunate we are to have such able administrators at a time when there is so much economic and social turmoil throughout the world. But for them we could not sustain the huge increase in trade that Canada has enjoyed, such an expansion of international activity in commerce and industry as producing and earning Canadians hope for and are now enjoying in large measure.

I wonder if we who live in Canada have anything like a full appreciation of the advantages we enjoy—the freedom, liberty and security that are ours—in comparison with what people in other countries of the world have to endure who live in constant suspense, in those lands where people go to bed at night not knowing whether they will see the morning and, if they do see it, whether in the morning earth and sky will be darkened by approaching death.

Divine Providence has surely blessed our country in many different ways when we consider her wealth in agriculture, mines, forests, and fisheries, her vast resources of water power, her grain and fruit land, her unimpaired freedom of three oceans, and last and most important of all, the character of her people.

I believe I am within the bounds of moderation when I say that history does not reveal a finer example of good will and friendship between two great nations than that existing between Canada and the United States of America. By common consent, on both sides of the border, we recognize a permanent pact of two peoples sealed by upwards of one hundred years of history and deriving its authority from the mutual good will of these people rather than from exchange of diplomatic pledges. Canadians sometimes think the United States fails to comprehend the political structure of the empire. To dream of a commonwealth of nations that will some day take in the United States of America is perhaps to dream too greatly.

In the meantime, it is much to know that on all vital matters, in nearly all the supreme things of life, the heart of the great nation to the south of us does beat with the empire, holds her common ideals, common aspirations, common truths.

Mr. Speaker, in the maintenance of that free harmony in the years ahead lies much of the future goodwill of the world.

Three thousand miles of border line!
—nor fort nor armed host
On all this frontier neighbour-ground from east to western coast;
A spectacle to conjure with—a thought to stir the blood!
A living proof to all the world of faith in brotherhood.

Three thousand miles of border line—nor has a century
Seen ought along this common course but peace and harmony
O nations bound in brotherhood! O faith in fellowman!
What better way on earth to dwell than this God-given plan?
Three thousand miles of border line! One hundred years of peace!
In all the page of history, what parallel to this?
God speed that surely dawning day—that coming hour divine—
When all the nations of the earth shall boast such border line!

Mr. R. M. WARREN (Renfrew North): In my contribution to this debate I shall dispense with the preliminaries except to say that I heartily agree with the sentiments so ably expressed by so many hon. members in appreciation of the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. I want also to extend to the leader of the opposition (Mr. Manion) my congratulations upon his elevation to office as leader of the National Conservative party. I would also extend a word of welcome to the new members: the hon. member for Waterloo South (Mr. Homuth), the hon. member for Brandon (Mr. Matthews), and the hon. member for Cartier (Mr. Bercovitch). I should like also to congratulate the hon. member for Essex West (Mr. McLarty) and the hon. member for Edmonton West (Mr. MacKinnon) upon their elevation to cabinet positions in this government.

A great variety of subjects has been discussed in this debate. This parliament is blessed or cursed with having three groups on the opposition benches. Many speakers, particularly on the other side of the house, appear to consider it as one of their first duties to make the efforts of the government appear futile and unavailing. The reading public, if they do not use their own judgment, must receive the impression that we are surely living in a land of misery, hardship and unhappiness. My effort will be to attempt to introduce a note of optimism among so many speeches of a pessimistic nature.

This government, during their three years of office, have devoted a great deal of attention to the development of trade and the negotiating of fair trade agreements with any countries which are willing to trade with us. In this they have been singularly successful. That is very well illustrated by comparing our trade figures of 1938 with those of 1934. In 1934 our imports amounted to $513,000,000 and our exports to $660,000,000; in 1938 our exports had risen to $956,000,000 and our imports to $677,000,000, being an

increase of 44·85 per cent in our exports and of 31·97 per cent in our imports. Recently we have seen negotiated new agreements between the United States and Canada and between the United States and Great Britain. I believe I could not do better in the way of expressing the feeling of the farmers generally throughout Canada regarding this treaty than to quote from the speech of the hon. member for Brandon:

> Experienced cattle dealers have told me that they have found a distinctly healthier tone in the cattle market ever since this agreement was announced. These men are convinced, after years of experience, that the tariff reductions and the increased quota admissible to the United States, now 225,000 head, will mean a very decided impetus to our live stock development. An alert business man with an analytical complex remarked to me a few days before I left for Ottawa that, having studied this agreement, he had come to the conclusion that it was the smartest—that is the word he used—piece of business legislation enacted in Canada since confederation.

I feel, Mr. Speaker, that it is also quite true to say that our lumbermen are quite optimistic respecting the improvement of their industry as a result of this new trade agreement. If all governments throughout the world would follow the example of the Canadian government in their endeavour to negotiate and carry out fair trade agreements, would this not go a long way toward solving the problems of the world?

One of the favourite topics in this debate has been unemployment. I wish to deal with it for a few minutes, although I am not sure that I shall be able to offer the government any new suggestions regarding it. The government has been deluged with advice, some of it good and some not so good. I feel that the handling of this problem is just as safe in the hands of this government as it would be in the hands of any body of men whom the Canadian people could elect.

In discussing this question we ought to keep in mind that, compared with the figures during the lean years of the Bennett-Manion regime, we have reduced unemployment by approximately 50 per cent. If we can accomplish that within the space of three years, what may not be done within the space of six years? With the same amount of progress our problem would be entirely solved in another three years.

I desire to inject a note of cheer into a debate which has fairly bristled with pessimism. If we get one cheerful speech from the government side of the house, it is followed by three speeches from the opposition benches where the speakers vie with each other to paint as black a picture as possible. I say as a new member that this has a most depressing effect. I am not worried about the effect it has on us in this house; what troubles me is the effect that it does and must have on citizens generally throughout the dominion. Of all the orations of gloom to which we have been permitted to listen, none excelled that of the hon. member for Kootenay East (Mr. Stevens). When he reached his climax and was so ably describing the actions which he considered should be taken by the Prime Minister (Mr. Mackenzie King) as captain of the ship of state, it did seem rather a pity that his speech was more or less spoiled by the hon. member for Northumberland, Ontario (Mr. Fraser), interjecting the remark that the hon. member for Kootenay East ought to know, for he had scuttled one ship.

But I was particularly interested in the remarks of the hon. member for Kootenay East (Mr. Stevens) in reference to the difficulties of our farmers. While he was speaking, my mind went back a few years to the time when he and the present leader of the opposition were sitting on the treasury benches, forming part of the government of this country. I remembered that we sold hogs on the Montreal market for $3.85 per 100 pounds, and the finest finished cattle for as low as $3 per 100 pounds. I compared that in my mind with conditions to-day, and recalled that this week hogs sold on the Montreal market for $9.75 per 100 pounds and finished cattle for $7 per 100 pounds, an improvement of considerably more than 100 per cent in the prices paid for these two important products of the farm. I am sure even the hon. member for Kootenay East should agree that the picture is scarcely as black as he would have us believe.

But, Mr. Speaker, this wail of woe comes regularly, without variation, from a number of hon. members from Alberta. Listening to their speeches one would think that in their beautiful province the birds never sing, the clouds have no silver lining, the sun never shines and the flowers never bloom; that they have nothing at all in that wonderful province to be thankful for. But is the situation as bad as all that? They have almost limitless areas of perhaps the most fertile and productive land in the world; they have lakes and rivers; they have timber resources; they have so much coal that you can shovel it out of the hillsides; they have an almost inexhaustible supply of oil; they have railroads and bus lines and beautiful cities—a great, youthful, growing nation in itself. Even this year there was a building boom in the city of Edmonton. They have flocks and herds, which carry off prizes in any competition, and then they always have the hope that one of these days

each person will receive a monthly cheque of $25, which, indeed, must be comforting to the people of that province.

It is quite true that each province has its troubles; but troubles and difficulties do not hurt us if we develop the ability to overcome our troubles and surmount our difficulties. It is true that we have our problem of the single transient, but we had that in normal times. We have our single, homeless men in every community, but why do we hear so much about it to-day? One reason is that under the Bennett-Manion regime the then administration instituted the idea that it was the duty of the government to look after these men. When I hear this question being discussed, I always think of the single, homeless men in my own community. I suppose they are in every community, men who came from the old country as boys, who have grown up and have no place they can call home, though many of them have established themselves. I recall that in lean times, a few years ago, these boys would wander away from our community. They would ride the rods; they would try the slave camps, but they would always come back, always without a dollar; and I never knew one of those boys in our community who did not come back to find an open door waiting for him, with a farmer offering him wages to help on the farm. It is true that at times the wages may have been small, but I always noticed that when one farmer was finished with one of those fellows invariably there was another farmer waiting to give him a job.

The hon. member for Winnipeg North Centre (Mr. Woodsworth) rather sarcastically referred to what he called a soup-kitchen in Winnipeg, where he told us three thousand men were being fed. I was in Winnipeg at that soup-kitchen when harvesting and threshing were in full swing in Manitoba, and when there was plenty of work. Why, even the high school boys were in the harvest fields; but as I was shown the splendid way they feed those men who call themselves single, homeless transients, it seemed to me like a great haven of rest for men who were too tired to go out and fork sheaves to a separator or follow a binder.

Mr. DOUGLAS (Weyburn): Shame.

Mr. WARREN: Fancy how a man could loaf the long day through while others toiled, always sure of two good meals of good food and a bed to sleep in at night, knowing that the taxpayer would take care of the cost. I should like to congratulate the hon. member for Winnipeg North Centre upon having such a splendid institution in his home city. As I said before, we have always had the problem of the single transient. It may be asked where those men were in the old days, because many of them are actually unemployables. We always had our unemployables. In the old days many of those men would be back on the homestead with a father or a brother, working and worth at least their board and clothing. To-day they are cared for by a generous government.

I was greatly interested in the speech of the hon. member for Yukon (Mrs. Black) and in her inability to control her language when a drifter refused to take a pick-and-shovel job. Evidently the people of that territory, as well as their member, have retained their pioneer spirit and stick to the old truth that if a man will not work neither shall he eat.

I was greatly interested in an article which appeared in the Ottawa *Journal* of January 23. Evidently there had been some dispute between a gentleman named Tom Moore and Doctor Putman, a controller in the civic government of Ottawa. Doctor Putman had suggested that Mr. Moore was complaining about the hundreds of skilled men who are not able to find employment, and made a suggestion that Mr. Moore should organize a cooperative building association among those skilled mechanics who are idle. Doctor Putman said, in part:

> Find an architect, a business manager, carpenters, bricklayers, plasterers, plumbers, painters and labourers. Let these idle tradesmen build half a dozen semi-detached houses on city owned lots. I will do my utmost to persuade the city to supply all material. When the houses are completed the city will sell them at auction, deduct half the assessed value of the land and the total cost of materials and hand over to Mr. Moore the balance for distribution among the workmen.

I was not particularly interested in that part of the article. The following is the part of the article which attracted my attention:

> Doctor Putman goes on to say he doubts if Mr. Moore knew what he actually said in council or why he felt called upon to say anything. He explains he did so because other speakers in council were giving an impression that "Canada had quite gone to the dogs," that there was no work, young people were in despair, faced the future without hope, that someone, presumably the city council, ought to find jobs for the thousands of fully trained and highly efficient young folk who were eating their hearts out in idleness.

Then Doctor Putman is reported as saying:

> Now to my mind, we have had during the past two years, too much preaching of this pessimistic nonsense. Some of it comes from leaders of youth, some from social workers, some from the pulpit, some from the press and, much of it from cheap politicians. But whatever its source the effect is vicious. It leads youth to think they are victims of circumstances which they cannot control. It tends to make sour their attitude toward society and

toward our political and economic structure. It tends to make them lean upon the oars at a time when they ought to lend every effort toward pushing their boat against the stream.

Then the article states:

Canadians held half a continent and numbered eleven millions. There was everything needed to create a paradise on earth, millions of acres of fertile soil only half cultivated, rich deposits of economic and precious minerals, valuable clays, rivers, lakes and sea coasts teeming with fish, fertile protected valleys for raising fruit, great areas of waste lands ready to grow more forests, rich swamp lands begging to be drained. What more could a people ask?

The sun shone, showers descended, grass grew, flowers and fruit ripened, animals thrived, with sheep giving wool, cows giving milk, hens laying eggs, bees gathering honey. What more could the Lord give a people? Whose fault was it if some went hungry and half naked and lived in shacks? Surely it was the fault of the people themselves. Any man who said youth had no chance was ignorant and a worker of mischief.

Doctor Putman challenged his critic to point to any country where youth had a better chance. Was it Germany, Italy, China, Japan or Russia? Or would it be Belgium, Holland or Scandinavia where youths worked long hours for a pittance and ate meat once or twice a week.

This is the spirit of the rural districts, the spirit of the villages, and to a lesser extent, the spirit of the towns. Unfortunately, however, it can scarcely be said to be the spirit of the cities, as expressed by gatherings of mayors who get together to urge that the federal government ought to take over one hundred per cent of the responsibility for relief.

This statement coming from an official of a civic government was to me just like a balmy breeze in the midst of a blizzard. In the rural parts we have our needy; but how do we take care of them? We look after them in the old-fashioned way; the neighbours assist, and the churches help. We have managed to get along in that way. Is it any wonder that we resented the suggestion of the present leader of the opposition who, in his speech at Barry's Bay shortly after his election, said it ought to be the duty of the federal government to bear the whole cost of relief. If we take away all the responsibility from local municipalities, and remove all the incentive on their part to get rid of the burden of relief—

Mr. MANION: I do not wish to interrupt the hon. member, but the other day when the Minister of Labour (Mr. Rogers) was speaking I pointed out the proper report of the speech at Barry's Bay. If the hon. member was not in the house I would suggest that he read my remarks made at that time, because he is now misquoting me.

[Mr. Warren.]

Mr. WARREN: I should be very sorry to misquote the hon. member, but reading the local papers at that time I could not help interpreting the statement as a definite pronouncement of policy.

Mr. MANION: I do not interrupt the hon. member to be discourteous, but I made it very clear the other day that what I said was—and it was so reported by the majority of papers—that the dominion government should take over in greater part the relief costs of unemployment in the cities.

Mr. WARREN: In closing, may I point out that we have made progress. As an indication of the progress being made I would direct the attention of the house to an editorial respecting the county of Carleton which appears in this morning's issue of the Ottawa *Journal*. I quote:

Once more we can commend Carleton county council and its clerk-treasurer, Mr. H. R. Washington, for a substantial reduction in its public debt. At the end of 1930 Carleton owed the colossal sum of $2,241,469. Eight years later the debt had been reduced by a million dollars to $1,222,034, and in 1939 additional payments will bring it down almost to the million-dollar mark.

By continuing its present policy, restricting new debenture issues to cases of the most exacting necessity, Carleton in another five years will see its public debt almost extinguished, with further important reductions in carrying charges and consequent relief for the taxpayers of the thirteen municipalities that make up the Carleton governmental unit.

What is true of Carleton county is true to a great extent of local rural municipalities throughout Ontario. I might say that some of them are in even much better financial position than the county of Carleton. Then, on the same page appears this further paragraph:

Ottawa's relief rolls in December had 590 fewer families and 2,444 fewer individuals than a year earlier, and for the month relief costs were down by $48,000.

Another item in the same issue quotes Mr. J. A. McLeod, president of the Bank of Nova Scotia, as follows:

President McLeod termed the recently concluded trade agreements between Canada and the United States and the United States and Great Britain "the greatest achievement in reducing trade barriers since the onset of the depression."

And again:

But it was "remarkable" how the economic structure withstood depressing influences. The president said that from the peak in 1937 to the low point in 1938, the decline in industrial production in Canada was only 20 per cent as against 35 per cent in the United States. The drop in factory employment was 9 per cent in Canada compared with a 25 per cent fall in the United States.

Occasionally someone breaks into print with a statement that the church and democracy have failed. At this point I should like to pay tribute to the work of the churches in the district with which I am best acquainted. I do not confine my tribute to any particular denomination. During the past lean years ministers and priests alike have distinguished themselves in helping the needy and trying to solve this problem with which we are faced. I have in mind an Irish priest in Renfrew county in whose parish an agitation had occurred for the distribution of relief. One Sunday morning this priest preached a sermon in the course of which he told his congregation that there would be no relief in his parish. There was no relief and they got along nicely without it. These ministers and priests are still carrying on. When the statement is made that the church has failed or that democracy has failed, quite often no thought is given to the good things with which we are surrounded.

I have noticed that there appears to be an awakening among our younger men, our younger business and professional men. They appear to be more ready to enter into local activities, and there seems to be a keen desire on their part to render service to their communities. It seems to me that with the cooperation of labour, and with a more fearless and aggressive attitude on the part of employers of labour who might make an effort to employ a greater number of labourers, we in this dominion can surmount our difficulties and solve our problems.

Mr. G. E. WOOD (Brant): Mr. Speaker, I desire to follow the hon. member who has preceded me (Mr. Warren) in extending my congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne by his excellency to this House of Commons. I desire also to extend my congratulations to the newly appointed cabinet ministers. I am sure we have every reason to expect that they will represent us as ably as those ministers already appointed to a cabinet which is considered to be one of the most brilliant Canada has ever had.

I desire also to extend my congratulations to the hon. leader of the opposition (Mr. Manion) upon his appointment as head of what is now termed the National Conservative party. He has been receiving so many congratulations lately that he hardly pays any attention to them, but I do want him to know that mine are sincere. I have heard my own leader say that if you want to know what the future has in store for you, you will be wise to take a glimpse at the past. With this thought in mind I have a few kindly suggestions to make to my hon. friend. The Conservative party is very rich in leaders and ex-leaders. I think we shall have to give them at least that much of a break. There are also triplets of would-be leaders, and it will be interesting to watch just what they are going to accomplish in their respective departments. I am of the opinion that the people of Canada, if they look back over the road they have travelled, will be extremely reluctant to place any great responsibility on the shoulders of these hon. gentlemen. I am sure the Canadian people have learned their lesson, and will realize just what problems each of these ex-leaders has left upon the door-steps of the Canadian people.

If we go back into history for a period of twenty-four years, I think we can discover something of the record of the ex-leaders of the Conservative party. Every one of these ex-leaders has left a national problem upon the door-steps of the Canadian people, and I am inclined to the view that this is the reason why they have adopted the name of National Conservative party. In the first place they left us a national debt. During the past twenty-four years there have been twelve years of Conservative administration and twelve years of Liberal administration. During the twelve years of Conservative administration there were deficits totalling $2,441,700,000. The combined deficits of twelve years of Conservative administration amounted to that astronomical sum. During the twelve years of Liberal administration there were deficits totalling $235,000,000, but during that time there were seven years of surpluses which totalled $310,000,000. There was a credit balance in favour of the Liberals amounting to about $75,000,000, representing a reduction in our national debt in consequence of Liberal administration.

I was greatly interested on Sunday night in listening to the radio address of Mr. McCullagh, the publisher of the *Globe and Mail*. He stressed, quite rightly, the importance of the national debt. He emphasized the fact that so much of the Canadian taxpayers' money was used to carry our national debt. There were many observations which Mr. McCullagh made with which I agreed heartily. I am inclined to the view that he is doing a worthy act by directing the attention of the people to the serious situation that exists. But I want the people to understand the true condition of affairs, so that by taking a look back into the past they may be able to guide and direct their actions in the future. I would

say to the leader of the opposition that he and his trio can never expect to win the confidence of the people.

Around 1917 or 1918, when the leader of the opposition was a supporter of the government of that day, we had inflicted upon us another national problem in the form of the Canadian National Railways. Not that I am saying that the intentions were not good, and undoubtedly the Canadian National Railways has given a wonderful service to this dominion. I believe, moreover, that it never gets a fair deal in the press, which is inclined to expose all the shortcomings of the system without giving it credit for the many contributions it has made to the national life of this country. But I can never understand why a company that goes insolvent, when it is taken over by the government as the national railways, was not purchased for what it was worth without all its obligations being assumed. I believe that if we had had sound business administration at that time, the Canadian National Railways would not be the menace to the prosperity of the Canadian people that some are saying it is to-day. So far as I personally am concerned, I rather defend the Canadian National Railways because, although they have a deficit of around one million dollars a week, we must consider the services rendered by the system. It gives us the cheapest freight rate of any transportation system in the world, a rate of less than 98 cents per ton-mile, which I do not think can, at the present time, be paralleled by any other transportation system on this continent.

Furthermore, Mr. Speaker, I am not so sure but that the competitive railway to the Canadian National Railways may be costing us just as much as the Canadian National Railways when one takes into consideration the contributions which the country has made in subsidies to the privately-owned road. I had occasion to refer to the 1938 Year Book, and I saw at page 649 that we have granted in subsidies to the Canadian National Railways, prior to the amalgamation, $98,000,000, and to the Canadian Pacific Railway, $119,000,000; the Canadian National Railways were granted land subsidies of 7,640,000 acres, while the Canadian Pacific Railway was granted 36,956,000 acres. So I really do not believe that the head of the Canadian Pacific Railway has reason to complain very much of the cost to the Canadian people of the Canadian National system. When you sum it all up, I am not so sure but that the Canadian Pacific Railway may be just as guilty of bearing down heavily upon the people of Canada.

I do not wish to be misunderstood. I do not wish it to be thought that I do not view seriously the deficits on our national railway system. On the contrary I believe that every effort should be made to wipe off that deficit. But there are certain facts that I believe should be brought to the attention of the Canadian people. There is the fact that 83 per cent of the stockholders of the Canadian Pacific Railway live outside Canada; and the fact that 75 per cent of the bondholders of the Dominion of Canada live within Canada is one indication that we ought to move very cautiously in doing anything that might interfere with the credit of this dominion in regard to those bonds. So much for the second national problem that was left to us by a Conservative administration.

I come now to the national problem of unemployment, which is considered Canada's greatest national problem. In 1930 we were told by the then leader of the opposition (Mr. Bennett) that if we elected his party to office he was going to cure unemployment or perish in the attempt. I am not doubting at all the sincerity of the predecessor of the present leader of the opposition. In my association with him in the last three years I came to admire him very much. Nevertheless he is human like the rest of us, and liable to make mistakes. It seems to me peculiar that most of the great national mistakes seem to have been made by the Conservative party. My own leader was condemned for a particular speech which he made in the House of Commons in the year 1930. I am not so sure that he was wrong because he did object to this federal government taxing the people of this country and then handing out money for other people to hand out for relief and give something for nothing. That is where the national problem comes in. It is not so much what we have given away but rather the fact that we have destroyed the morale of the people—

Mr. MANION: That was not the attitude of my hon. friend's leader. It was that he would not give anything to any province that was governed by a Conservative administration—not a five-cent piece.

Mr. WOOD: That was the interpretation.

Mr. MANION: No, those were the words.

Mr. WOOD: Our hon. leader was not so short-sighted as that. As far as administrators are concerned, he knew what the future had in store for us. I quite agree that the leader of the opposition and his party lent themselves to distorting that speech for their own ends.

Mr. STEWART: We did not have to distort it.

Mr. WOOD: We have to face this problem of unemployment; I suppose it is not so very necessary to talk about what has been done

in the past, except that we should keep it in mind, and I am simply drawing the attention of the people of my riding and of Canada generally to what has taken place. Then, when the time comes, we shall offer our policies to the people and leave them to decide. I have every confidence in the intelligence of the people of Canada, and when they see the road travelled in the past three years by this Liberal administration, there is no doubt what their verdict will be.

Mr. MANION: Hear, hear.

Mr. CRERAR: Hear, hear.

Mr. WOOD: The proof of the pudding is in the eating.

Some hon. MEMBERS: Hear, hear.

Mr. WOOD: I am very glad hon. gentlemen agree with me on that. Hon. gentlemen opposite have been condemning this government for taking the position that Canada's prosperity largely depends upon our export trade. Remember, Canada is a nation of eleven millions of people, with a great wealth of natural resources, and it is only by marketing those resources of the farm, the forest, the fisheries and the mines, that we can bring back to this dominion the money that is necessary for its development. Have we made any progress in that regard?

In 1935, the year before the present administration came into power, our exports amounted to $69.11 per capita. In 1937 they had risen to $96.23. In 1938, according to the estimate of the Minister of Trade and Commerce (Mr. Euler), and assuming our population to be still eleven millions, our export trade had receded slightly to $88 per capita. How does that compare with the export trade of other countries? Great Britain's export trade amounted to $56.83 per capita, and the United States, a country which hon. gentlemen opposite always hold up as an example, and which they try to follow in their policy of exclusionist tariffs, had an export trade amounting to $25.83 per capita. Compare that with our $88 per capita in 1938. That seems to me convincing evidence that a reasonable amount of progress has been made.

After all, the success of any country depends largely upon the prosperity of its internal industries. Money is timid, and if there is anything a man will fight for it is probably the little bit of savings he has. In my opinion it is extremely necessary, even though the leader of the social credit party (Mr. Blackmore) will not agree with me, that money should receive its fair share of reward in our economic life. Let me point out what industry has contributed to the prosperity of the country. In 1935, total dividends paid out by industry amounted to $222,629,000, and in 1938, that had gone up to $315,000,000, or an increase of almost $100,000,000. That represents what industry received as the reward of its efforts. I am not so sure that the employment of labour has wholly kept pace with the rewards of industry, but I might point to another record I have from the bureau of industries—and this relates to my own constituency in particular.

I have the honour to represent a part of the city of Brantford, and so I take this opportunity to show what progress has been made in Brantford city and in the town of Paris. I find that the total number of employees in Brantford in 1935 was 6,002, and in 1936 the number had gone up to 6,384, a pretty fair increase for one year. And what about the wage bill? The wage bill had increased in one year, under Liberal administration, $660,000. Take next the town of Paris, with a population of 4,000. There has been an increase of employees from 1,151, to 1,221, with an increase of $158,219 in the wage bill. And that is only one year. I am satisfied that the figures for 1937 will show a large increase and 1938 will be a long way ahead of 1935.

I have under my hand a bulletin published by the commissioner of the city of Brantford, and I find recorded therein that in two and a half years fifteen new industries have been started—not very large, because all the industries in that community start on a small scale. In that community, if there are any savings the people try to put them back into industry so as to develop an industrial organization that will create goods and services for the people. I do not think we have any reason to be downcast. We are making progress. After listening to the pessimistic speeches of hon. gentlemen opposite, who are always looking down, who have their noses in the gutter all the time, stirring up filth, and who, if there is anything wrong, are great artists in throwing it into our faces, I think it is time to call attention to some of the nice things in this dominion.

For instance, consider the fact that we stand fourth among the exporting nations of the world. We were in the sixth place in 1935; today we are fourth, and though it is true that in 1938 exports may have declined to some extent, it must be remembered that we had a poor crop in 1937. Surely there must be something in the Canadian people; surely there must be some good in the administration of the affairs of the country, when we have been able to find markets and have risen to the fourth place among the nations of the world in selling the products of our

labour. These are facts that cannot be denied, and I would ask the leader of the opposition and his followers to peruse these figures carefully and to see if they can honestly rise in their places in this house and indulge in criticism.

Our national debt, it is true, is considerable, but the Liberal party is not responsible for the great portion of it. In 1935 the national debt of the United States was much lower relatively than the national debt of Canada, but to-day our debt is $23 per capita less than the debt in the United States. It has generally been characteristic of our Conservative friends opposite, on all occasions, to hold up the United States as an example, to refer to that country's tariff and the way in which its affairs are administered. But when it comes to an election, those same gentlemen opposite have a way of wrapping themselves up in the flag of loyalty and talking imperialism as though they had a monopoly of the loyalty of Canada. The Liberals, however, prefer, in the matter of administration, to follow the British policy rather than that of the United States. While conditions have been depressed in the past year, if we take into consideration internal and external trade we shall find that Canada's trade has receded only 16 per cent, whereas the trade of the United States has receded 46 per cent. It shows that the Canadian economy is so built up by wise administration as to be able to withstand the impact of conditions such as we have had to face in the past year. These are things the people have a right to know.

At this point I should like to quote a famous authority on trade. I do not want to take up the time of the house in reading extracts, because I do not like to read either my own speeches or the opinions of others. What I have to say is the product of my own mind. I represent the people of Brant; I believe that they sent me here to give expression to the views which I think they hold; and I have always endeavoured to follow that rule. I shall, however, depart from it on this occasion to quote briefly an opinion expressed by Sir George Paish, who has been quoted before. He says:

> Progress has brought railways, steamships, motor cars, airplanes, telephones, telegraphs and the radio. All countries are joined together into a single unit. Why should not each part of the world give what it can to the welfare of the entire world? The result would be amazing prosperity.
>
> Bear in mind, there is no limit to the possible trade of the world. I am convinced that as soon as we can get things on to the right lines, there will be an expansion of trade such as we have not even dreamed of. There is not one physical thing lacking to bring about a vast expansion of trade. The only thing lacking is mental capacity and courage.

[Mr. Wood.]

The first, and vital, thing is that the nations should trade freely with each other. There is no doubt about it.

The second thing is, again open money markets to the capital and credit needs of the world. You cannot have prosperity unless capital and credit are freely available. The difference between periods of prosperity and periods of depression during the past century came through the fact that when there was confidence, and capital and credit were flowing freely, you had active trade, and when there was no confidence and no movement of capital and credit there were trade depressions.

I am satisfied that if our good friends opposite would be more cautious; if they would refrain from undue criticism and not try to undermine the morale of the people, and if my good friends of the Cooperative Commonwealth Federation and of the Social Credit party would desist from preaching their unsound theories, we should find that money which is now hidden would soon be brought out and would be invested in industry, with the result that there would be an enhanced standard of living, a standard higher even than it is to-day.

I notice that the other day the hon. member for Red Deer (Mr. Poole) made some rather extravagant remarks with regard to the integrity of hon. members on this side of the house, suggesting that every time they voted they must have qualms of conscience. Perhaps he can tell me how a man can conscientiously issue a cheque, knowing that he has nothing in the bank with which to meet it. That is absolutely the theory of social credit; they want to issue money upon the credit of the country, upon its natural resources. But I know that if I issue my cheque and sign my name to it, and have no funds in the bank, there is no use in my telling the judge when I go before him that "I intended to have some here," or "I expect to have a good crop and in two or three years I shall have some money and you can cash my cheque on that." But that, as I see it, is exactly social credit, and nothing else.

Mr. QUELCH: I suggest that the hon. member is deplorably lacking in knowledge of social credit.

Mr. WOOD: I am prepared to admit to the hon. member that I am lacking in understanding of it, although I have tried hard to see whether there was some sound theory in it.

I was brought up in a home where life and religion were taken seriously, where I was taught that wealth was the result and product of labour; that only by the application of labour to our natural resources could you get any results, and that you could not get them before you applied the labour. Failure to

recognize that is one of the reasons why we are suffering to-day. I am inclined to take the view that if we had all our people employed in creating national wealth, our difficulties would be solved.

Mr. QUELCH: Why does not the hon. member employ them, then?

Mr. GARDINER: Why does not the hon. member for Acadia (Mr. Quelch) hire one of them?

Mr. WOOD: Personally I am employing all I can afford to employ. As the hon. member has raised the question, let me say that I believe it is the duty of those of us who are in a position to employ labour to endeavour to do so. I commend the Minister of Labour (Mr. Rogers) for having drawn attention the other day to that point. Industry must rise to the occasion. I have drawn attention to the fact that they have received this year in dividends around $319,000,000, and I believe it is their duty to put into employment some of the unemployed men in their particular communities.

I remember that when I was a boy my father spoke of a depression which existed in the early nineties. At that time 60 per cent of the population of the dominion lived on farms and only 40 per cent in the cities. What happened? Did the farmers put these men on relief? No; during the winter these men snuggled in, did chores and cut wood so that they would start at least on equal terms the next spring, go out to work for eight months and get wages. But we have lost that pioneer spirit. Until we get back to some of the sober realities of life, we shall never come out of this depression. You cannot continue to mollycoddle people and give them something for nothing. I am inclined to think that it is just as wrong to take money from some people and hand it to others without any return, as it is to take something for nothing.

I notice that the service clubs have taken a great interest in the problem of unemployed youth. I believe that if they would organize in various cities and endeavour to meet the needs of these people, there are many things they could do. So far as men with money are concerned, there are plenty of farms they could buy, and they could put some of these men now on relief upon the farms. This would increase the value of the farms, and I believe those who took this course would eventually be rewarded. But if people who have means do not rise to the occasion and make some voluntary effort towards the employment of the unfortunate people in the cities, I hate to think what the future has in store for us. If the unemployed continue to increase, they will eventually have power and will attempt to try out some of the isms which are advocated by our friends opposite. The advocates of these isms may be sincere. I am not going to question their sincerity—I think a great deal of these hon. members personally—but I know what would happen if ever their isms were put into effect. There has always been a group of people who are never satisfied with the existing condition of affairs; not that they ever do anything to make them better, but they have acquired the habit of finding fault with everything, of always looking down in the gutter to find something wrong. You may change your economic system—as far as I am concerned I do not care what kind of system we have; I made a living in the past and can make one in the future—but you would have the same people then complaining about the new economic system who are complaining about the present one; for if you have it in you, you are going to rise to the top, no matter what kind of system is in operation; and if you have not, the only thing those who are more fortunate can do is to take you by the hand and help you along.

A great deal has been said with regard to the unfortunate position we are supposed to be in. While I am making an honest defence of the government, I am not saying that everything is right. Everything never was right. But I do believe it would be wise for us to draw attention to some of the good things we have to-day. Something has been said about the standard of living. In my view there is no such thing as "a" standard of living; we have eleven million people and eleven million standards of living. Be that as it may, let me remark that there are some men who would get $20 a week and by the time they were fifty years old would be prosperous; others, although receiving the same income, would always be poor. So I do not believe there is any way of defining what a standard of living is. The fact of the matter is that the Canadian people to-day have the highest standard of living of any country in the world; I do not think we need take second place even to the United States. Do you know, Mr. Speaker, that for every eight people in the Dominion of Canada there is a car or a truck? You could load everybody in the dominion in a car or truck and get them right out of this country without making a second trip. In only one other country can that be done, and that is the United States; they have one car or truck to five people.

It may be our good friends across the way would like to go to Russia or Spain or some other country and enjoy the fruits of the economic system there. In Russia, where one

rides one hundred and fifty walk; in Germany, where one rides ten walk. The hon. member for Red Deer made allusion to the fact that Germany did not have any unemployment, and recommended that we take a leaf out of Germany's book. Let us admit they have no unemployment in Germany, but neither have we any forced labour or compulsory military service to keep our people employed. I think hon. members should be very cautions about making such statements. In the constituency that I represent, Brant, there are more cars registered than there are in some of the countries of central Europe.

We ought to appreciate some of the good things we have in Canada. There is a radio in practically every second home in the dominion. We enjoy many of the luxuries of life which are not obtainable in other countries, and I think it will be just as wise if, instead of refusing to show appreciation of the advantages we have, we take into consideration some of the blessings we enjoy. The fact is that we have so many blessings and such a high standard of living that we think we are entitled to them without making very much effort. I do not think there is a country in the world where people can make a living with as little effort as in Canada. I notice the hon. member for Weyburn (Mr. Douglas) muttering something over there; I do not know what it is.

Mr. DOUGLAS (Weyburn): The hon. gentleman should try his hand on a homestead in Saskatchewan.

Mr. WOOD: Can the hon. member for Weyburn speak from experience? I am quite willing to start at scratch with him at any place, if he will take me on. I think I know something of pioneer life. I am a grandson of one of the old pioneers. We were brought up on oatmeal porridge and the bible. We hear a great deal about the youth movement. I had the advantage of a good father and mother, who have since passed away. I do not want to say anything unkind, because they were the very best; but they used to wear the high top-boots, and, believe me, they could start a good youth movement themselves. No; I have my doubts as to whether the hon. member for Weyburn has ever done a good day's work in his life. I am prepared to admit that he has the ability—

Mr. DOUGLAS (Weyburn): I should like to inform the hon. gentleman that I did something he probably never did; I served my time in a trade and am a member of a trade union. I have done not one day's but a good many days' work in my life, and after having done so I have never spent my time in making fun of other people.

[Mr. Wood.]

Mr. WOOD: I would not want to take away any credit that the hon. member really deserves, because I feel that he will need all the credit he has in order to carry him through. I was merely speaking from my own observations and the general opinion I had formed of him. I grant that he has ability; he is a member of the cloth, and I want to tell him that he and I are on common ground in our religious views. But, sometimes, when one of the family goes wrong, it makes one feel the worst, and I feel that perhaps the hon. member for Weyburn would make a greater contribution in his chosen profession than he could make as a member of this House of Commons.

Now, Mr. Speaker, perhaps I have taken up all the time to which I am entitled.

Some hon. MEMBERS: Go on.

Mr. MANION: The house sits until eleven.

Mr. WOOD: In passing, I must say I am sorry *Hansard* has to take down everything I say, but I have a personal connection with the leader of the opposition (Mr. Manion), because I know some of his family and he knows some of mine.

Mr. MANION: We shall not tell on each other.

Mr. WOOD: The hon. member for St. Paul's (Mr. Ross) the other day made a remark in which he emphasized some of the difficulties facing the city of Toronto. Well, Toronto has the highest tax rate of any city in Ontario. I know they are having some difficulties, but they enjoy more luxuries in that city than in other parts of the country, and I do not think they should object to paying for the privileges they enjoy. They want to get out from under their debt, but they want the rest of us to assume some portion of it. I had occasion to go through the records concerning the province of Ontario, and I found that Toronto had a per capita tax rate of $66.40. Next highest was the city from which the leader of the opposition comes, with $63.60. That might be a fairly good warning to the Canadian people; if that is the way he has left the city of Fort William, we should be very cautious about inviting him to administer the affairs of this country.

Mr. MANION: I left Fort William some time ago.

Mr. WOOD: The city of Brantford had a per capita tax rate of $46.70 while the rate in the township in which I live was $20. The hon. member for Renfrew North (Mr. War-

ren) mentioned the fact that some of the rural municipalities have led the way in good financing. I would say that at least they have refrained from going into debt, and it might be a good thing if some of our cities would adopt the more frugal methods that are followed in some of these one-horse towns, as they are often called. If you are going into debt, you should assume the obligation of endeavouring to repay that debt. I agree with Mr. McCullagh in one thing, at least; I believe we can pay our debts if we really take steps toward that end, and we should see to it that we do not go further in debt. I agree with the policy of paying our way as we go.

Well, Mr. Speaker, since you have seen fit to give me the time, I am going to direct attention to how we spend our money. In 1937 we had a national income of $5,000,000,000, and how did we spend it? We spent about $1,000,000,000 for government, federal, provincial and municipal. Of that amount some $300,000,000 went for interest on our debts. We spent $135,000,000 for education, $100,000,000 for relief, $58,000,000 for soldiers' pensions and $38,000,000 for old age pensions, of which over $28,000,000 was contributed by the federal government and a little over $9,000,000 by the provincial governments. We spent $35,000,000 on defence. The balance went for hospitalization, administration of justice and other services.

As I have said, we spent $1,000,000,000 for government. How did we spend the other $4,000,000,000? We spent about $1,000,000,000 for food; about $500,000,000 for clothing, which amounted to only about 13 cents per capita a day; about $300,000,000 for housing; about $200,000,000 for furniture, and $300,000,000 for fuel. In other words, we spent about $2,000,000,000 on food, clothing and shelter. This resumé was taken from Toronto *Saturday Night* and was prepared by Mr. W. A. Kague. I am not going to be responsible for its accuracy, but I did check many of these figures with the Canada Year Book, and found them to be approximately correct.

As I have said, we spent $1,000,000,000 for government and $2,000,000,000 for food, clothing and shelter, leaving $2,000,000,000 to be accounted for, in connection with what might be termed non-essentials. How did we spend that money? In the first place we spent $300,000,000 on automobiles, some of which no doubt are quite necessary. We spent $125,000,000 for liquor, half of which of course returned to the revenue of the country. We spent $90,000,000 for tobacco; $45,000,000 for theatres, and $45,000,000 for other amusements, including $25,000,000 for horse-racing, baseball and other games. We spent $150,000,000 for doctors and lawyers. I do not know how much the leader of the opposition got out of that, but I believe he would be better practising his profession than in endeavouring to try to cure the ills of the country.

There is one point to which I should like to draw attention, and that is that we spent $10,000,000 more on the church than we did on tobacco. We spent $100,000,000 on the church; $60,000,000 for books, magazines and newspapers, and $50,000,000 for telephone and telegraph services. We spent $100,000,000 on the tourist traffic, while at the same time $250,000,000 was spent on tourist travel in Canada. We pay to banks, insurance companies and brokerage and other financial services. We buy musical instruments, sporting goods and jewellery. We support the barber, and various other tradesmen.

But what I do say is this, that I believe we can assume the obligation which has been placed upon us. I do not think there is any short-cut to it except to get down to business. We may have to sacrifice some of these non-essentials, but I think any hon. member who will take the trouble to make a comparison with any other country of the world will find out that the Canadian people do enjoy a higher standard of living, higher possibly than that of any other group of people. As I have said, unfortunately we have the poor; they are always with us. It is our duty to do our bit towards trying to assist them to get back to the sober realities of life, even though this means sacrifice to ourselves.

I should like to thank you, Mr. Speaker, for this extension of time. May I say in closing to the leader of the opposition—and it is described as His Majesty's Loyal Opposition: Be loyal to Canada. Be frank and truthful, and if you are going to tell some of the facts, tell all the facts. We know there are some unfortunate conditions, but I believe we should blend with them some of those fortunate things the people of Canada do enjoy.

Mr. JOSEPH H. LECLERC (Shefford) (Translation): Mr. Speaker, at this stage of the debate on the address in reply to the speech from the throne I do not wish to trespass unduly on the valuable time of the house. I desire first of all to congratulate the hon. members who proposed and seconded the address on their excellent performance of this important task. My special congratulations go to the young and modest member for Stormont (Mr. Chevrier) who has done honour to his constituency. On behalf of my compatriots of Quebec province I am happy to offer him

my respectful homages and to salute in him a public man who is at the threshold of a promising career.

I also wish to offer my congratulations to the two ministers who have just recently joined the cabinet, as well as to the new leader of His Majesty's Loyal Opposition (Mr. Manion) to whom I wish a long tenure of office.

Mr. Speaker, the government deserves commendation for its constant efforts to re-establish normal conditions in this country. I am pleased to note the keen interest the King government is taking in the training of our youth. Once it is better understood and practically administered, the youth training plan will certainly prove very useful.

I am certain that the new trade agreement with the United States will prove of great benefit to the farmers of the eastern townships in the sale of their products, particularly maple sugar. On the whole, 1938 has not been too bad a year for agriculture; prices kept up satisfactorily until the end of the summer, but there is room for improvement. However, there is a dark side to the question; that is over-production of dairy products, particularly of butter. Although our exports in 1938 were practically at the same level as in 1937, we had in storage at the beginning of the present winter an abnormal quantity of butter which brought about a decline in price and afforded our opponents an opportunity to make political capital with the aid of unsound arguments.

In his speech of January 20, the hon. member for Carleton (Mr. Hyndman) said that the price of butter, in December last, was only 21 cents a pound, compared to 26 cents in December, 1935, and he ascribed that decline to our imports of last winter. Seeing that Tories use that argument from one end of the country to the other in order to mislead the farmers, let me, sir, give the actual facts. The hon. member for Carleton may be in good faith, but he evidently does not know anything about the subject because his statement is not borne out by the facts. It is true, as the hon. member said, that we imported last winter, from New Zealand and Australia, 4,271,373 pounds of butter. But does he know that, at that time, we were short of 10 million pounds for the ordinary needs of the country; that, as a result, the retail price of butter jumped to more than 40 cents a pound, and that a number of organizations of housewives in our large cities decided to boycott that product?

Imports are harmful when they hurt the producer; they are justified when they have the effect of protecting the consumer. Had we not imported butter, last winter, who would have benefited by the high price, which would have jumped to 50 cents a pound and even higher? The farmers would certainly not have derived any benefit from it, for, during that period, butter production was at its lowest; speculators would then have reaped huge profits at the expense of consumers, and prices would have become prohibitive for the labouring classes.

Mr. Speaker, judging by the speech delivered by the hon. member for Carleton, it would appear that quite a number of members of this house do not have the slightest knowledge of dairying. If I may be permitted to use a financial term, I should say that in the case of butter the fiscal year ends with the month of April. At that time of the year, the stocks in storage are usually at their lowest. The year's production begins on May 1, when any large surplus may have a depressing influence upon the new butter-making season.

Mr. Speaker, in order to prove conclusively to the house and to the farmers of this country that the imports of last winter have not affected the prices now prevailing, I may say that on May 1, 1938, there were only 4,677,240 pounds of butter in storage in Canada, as compared with 6,125,243 pounds on the same date in 1937, when no imports had been made. The year 1938-39 thus began under the best possible conditions, there being only a minimum quantity of butter in storage and no imports having been made since that date. If the hon. member had seriously wanted to enlighten the electors of this country, he could easily have looked into the reasons for the drop in the price of butter since the beginning of this winter. The first of these reasons is to be found in the abundance of rain and in the excellent condition of pastures during the season of 1938 which have resulted in an increase of over 20 million pounds in the production of creamery butter, with no corresponding increase in consumption. The second lies in the high prices of butter during the winter of 1938, which caused a large number of people to speculate in the hope of reselling their butter at the top prices of last winter. It would be interesting to know the number of merchants, business men, professional men and others in our rural communities who have speculated in butter, and bought last June at 25 and 26 cents, thus holding prices above the export price at a time when we should have been shipping our surplus production. If it had not been for that speculative craze, the price of butter would have fluctuated normally. We would have exported our surplus production which

has disturbed the market since the beginning of the winter, and the Christmas and New Year holidays would have been better enjoyed by the speculators. But they should feel happier at the thought that the money they have lost in speculation has fallen into the pockets of the farmers and buttressed the prices during the season of abundant production, which is better than the high prices in winter and low prices in summer which we had been getting from 1931 to 1934.

Mr. Speaker, while I have made clear the causes which have affected the market for that product during 1938, it does not necessarily follow that I am content with allowing the price of butter to find its own level, as dairying is the main branch of the farming industry in Canada, and the one on which the greatest number of Canadian farmers are dependent. That industry deserves more consideration than it has received in the past.

I am pleased to notice the interest which my fellow members, especially those from the eastern townships, are taking in that matter. But were I alone in promoting the interests of that industry and of the farmers who depend upon it, I would do it apart from every political consideration. Liberalism is broad enough to allow its representatives to hold views which they consider in the general interest. I hope that before the end of this session the Minister of Agriculture (Mr. Gardiner) will realize the necessity of creating an organization empowered to fix a minimum price for our dairy products and to export any surplus left over and above the country's requirements.

Following this brief analysis of the present situation of the dairy industry in this country, allow me, Mr. Speaker, before resuming my seat, to define my attitude on another burning question, the question of immigration, concerning which many petitions have been received. In spite of the deep sympathy we feel for certain persecuted peoples, we must remember that charity begins at home. We have enough unfortunates to help at home without opening our doors to those from abroad.

On motion of Mr. Golding the debate was adjourned.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.47 p.m.

Friday, January 27, 1939

The house met at three o'clock.

STANDING COMMITTEES

Hon. IAN MACKENZIE (Minister of National Defence) presented the report of the special committee appointed to prepare and report lists of members to compose the standing committees of the house, as follows:

PRIVILEGES AND ELECTIONS

Messieurs:

Anderson	McCuaig
Beaubien	McLarty
Bertrand (Laurier)	McLean
Bothwell	(Simcoe East)
Cahan	McNiven
Douglas (Queens)	(Regina City)
Factor	Massey
Fleming	Mitchell
Fournier (Hull)	Pelletier
Gariepy	Pouliot
Kirk	Power
Lawson	Thorson
Little	Turgeon
MacInnis	Veniot
Mackenzie	Walsh
(Vancouver Centre)	Warren—29.

(Quorum 10)

RAILWAYS, CANALS AND TELEGRAPH LINES

Messieurs:

Barber	MacInnis
Bertrand (Laurier)	MacKinnon
Bonnier	(Edmonton West)
Brown	MacMillan
Cameron	MacNicol
(Hastings South)	McCann
Clark (York-Sunbury)	McCallum
Chevrier	McCulloch
Cochrane	McIvor
Crerar	McKinnon (Kenora-Rainy River)
Damude	McNiven
Duffus	(Regina City)
Dupuis	Maybank
Elliott (Kindersley)	Mills
Emmerson	Mullins
Fiset	Mutch
Francœur	O'Neill
Girouard	Parent (Terrebonne)
Gladstone	Pelletier
Gosselin	Pouliot
Grant	Ross (Moose Jaw)
Hamilton	St-Père
Hansell	Spence
Hanson	Stevens
Harris	Stewart
Heaps	Streight
Howden	Sylvestre
Hushion	Vien
Isnor	Walsh
Jean	Wermenlinger
Johnston (Bow River)	Young—60.
Lockhart	

(Quorum 20)

MISCELLANEOUS PRIVATE BILLS

Messieurs:

Ahearn	Dubois
Barry	Evans
Boulanger	Fair
Bradette	Ferguson
Brasset	Ferland
Brown	Francœur
Clarke (Rosedale)	Gariepy
Cleaver	Girouard
Cote	Glen
Damude	Goulet
Deachman	Heaps
Douglas (Queen's)	Howard

Hyndman
Kuhl
Lacombe
Lacroix (Quebec-Montmorency)
Lalonde
Lockhart
Macdonald (Brantford City)
MacLennan
MacNeil
Macphail (Miss)
McDonald (Souris)
McGeer
McGregor
McPhee
Marsh
Mulock
Parent (Quebec West and South)
Pottier
Robichaud
Ross (St. Paul's)
Senn
Slaght
Telford
Winkler
Wood
Young—50.

(Quorum 15)

BANKING AND COMMERCE

Messieurs:

Baker
Bercovitch
Cahan
Clark (York-Sunbury)
Cleaver
Coldwell
Deachman
Donnelly
Dubuc
Dunning
Euler
Fontaine
Fournier (Hull)
Fraser
Harris
Hill
Howard
Hushion
Jaques
Kinley
Kirk
Lacroix (Beauce)
Landeryou
Lawson
Leduc
Macdonald (Brantford City)
Mackenzie (Vancouver Centre)
McGeer
McLarty
McPhee
Mallette
Manion
Martin
Maybank
Mayhew
Moore
Perley
Plaxton
Quelch
Raymond
Ross (Middlesex East)
Ross (St. Paul's)
Rutherford
Stevens
Thorson
Tucker
Vien
Ward
White
Woodsworth—50.

(Quorum 15)

PUBLIC ACCOUNTS

Messieurs:

Ahearn
Anderson
Barry
Beaubien
Black (Chateauguay-Huntingdon)
Blais
Blanchette
Bothwell
Brooks
Casselman
Church
Douglas (Weyburn)
Dussault
Elliott (Kindersley)
Factor
Ferland
Fleming
Fournier (Maisonneuve-Rosemount)
Francœur
Fraser
Glen
Golding
Goulet
Grant
Graydon
Homuth
Isnor
Leader
MacKinnon (Edmonton West)
MacNeil
McCann
McDonald (Pontiac)
McKinnon (Kenora-Rainy River)
McLean (Melfort)
Marshall
Mullins
Needham
Patterson
Purdy
Rickard
Rowe (Athabaska)
Slaght
Stewart
Streight
Taylor (Norfolk)
Thauvette
Tremblay
Turgeon
Wermenlinger
Wood—50.

(Quorum 15)

AGRICULTURE AND COLONIZATION

Messieurs:

Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blair
Bouchard
Boulanger
Clark (Essex South)
Cochrane
Coldwell
Davidson
Donnelly
Douglas (Weyburn)
Dubois
Dupuis
Evans
Fontaine
Fiset
Furniss
Gardiner
Golding
Graydon
Hayhurst
Johnston (Lake Centre)
Lacombe
Lalonde
Leader
Leclerc
Lennard
MacKinnon (Edmonton West)
MacLean (Prince)
Macphail (Miss)
MacRae
McDonald (Souris)
McKenzie (Lambton-Kent)
McLean (Melfort)
McNevin (Victoria, Ont.)
Matthews
Motherwell
Mullins
Needham
Patterson
Perley
Quelch
Reid
Rennie
Rhéaume
Rickard
Roberge
Robichaud
Rowe (Dufferin-Simcoe)
Senn
Spence
Stirling
Taylor (Norfolk)
Thompson
Tomlinson
Turner
Tustin
Ward
Weir
Wood—60

(Quorum 20)

STANDING ORDERS

Messieurs:

Baker
Barry
Bercovitch
Bertrand (Prescott)
Brunelle
Denis
Fleming
Heaps
Leclerc
MacLean (Cape Breton North-Victoria)
McCuaig
Plaxton
Poole
Pottier
Rowe (Dufferin-Simcoe)
Rutherford
Thauvette
Thompson
Turgeon
Turner—20.

(Quorum 8)

MARINE AND FISHERIES

Messieurs:

Black (Mrs.)
Brasset
Brooks
Brunelle
Clark (Essex South)
Cote
Deslauriers
Farquhar
Ferron
Gauthier
Green
Hanson
Kinley
Lapointe (Matapedia-Matane)
MacLean (Prince)
MacLean (Cape Breton North-Victoria)
MacNeil
McAvity
McCulloch
McDonald (Souris)
Michaud
Neill
Pelletier
Pottier
Reid
Rickard
Robichaud
Stirling
Taylor (Nanaimo)
Telford
Tomlinson
Tustin
Veniot
Ward
White—35.

(Quorum 10)

MINES, FORESTS AND WATERS

Messieurs:

Black (Mrs.)
Blais
Bradette
Brooks
Clarke (Rosedale)
Cochrane
Crerar
Crete
Esling
Farquhar
Ferguson
Hamilton
Hanson
Hartigan
Hayhurst
Hill
Hurtubise
Hyndman
Johnston (Bow River)
Lacroix (Beauce)
Little
MacKenzie (Neepawa)
MacLennan
MacMillan
MacNicol
McCallum
McDonald (Pontiac)
O'Neill
Parent (Quebec West and South)
Patterson
Roberge
Stevens
Sylvestre
Taylor (Nanaimo)
Tremblay—35.

(Quorum 10)

INDUSTRIAL AND INTERNATIONAL RELATIONS

Messieurs:

Barry
Black (Mrs.)
Blackmore
Church
Crete
Deslauriers
Dubuc
Gladstone
Grant
Hartigan
Homuth
Howard
Howden
Isnor
Jean
Lacroix (Quebec-Montmorency)
Leduc
Lennard
MacInnis
MacKenzie (Neepawa)
MacNicol
McAvity
McGeer
McIntosh
McIvor
McLean (Simcoe East)
Martin
Massey
Mayhew
Neill
Rogers
Rowe (Athabaska)
St-Père
Taylor (Nanaimo)
Tucker—35.

(Quorum 10)

DEBATES

Messieurs:

Cote
Esling
Finn
Gauthier
Hill
Lawson
MacKinnon (Edmonton West)
McIntosh
McNevin (Victoria, Ont.)
Mitchell
Pinard
Pouliot—12.

(Quorum 7)

PRINTING OF PARLIAMENT

(Members to act on the part of the Commons)

Messieurs:

Barry
Bertrand (Laurier)
Casselman
Chevrier
Damude
Davidson
Denis
Douglas (Weyburn)
Dussault
Elliott (Kindersley)
Esling
Evans
Ferron
Fleming
Fournier (Maisonneuve-Rosemount)
Gauthier
Green
Hansell
Hurtubise
Hushion
Jean
Kirk
Lapointe (Matapedia-Matane)
Leduc
Lennard
Little
MacInnis
MacKinnon (Edmonton West)
MacLean (Prince)
McGregor
McIntosh
McKenzie (Lambton-Kent)
McNevin (Victoria, Ont.)
Marsh
Marshall
Mills
Moore
Mullins
Mulock
Mutch
Pinard
Purdy
Reid
Ross (St. Paul's)
Ross (Middlesex East)
Rutherford
St-Père
Taylor (Nanaimo)
Thompson
Tucker
Tustin
Veniot
Weir
Winkler—54.

LIBRARY OF PARLIAMENT

(Members to act on the part of the Commons)

Mr. Speaker and Messieurs:

Ahearn
Blackmore
Blair
Blanchette
Bonnier
Bothwell
Bouchard
Bradette
Brasset
Cameron (Hastings South)
Casselman
Clark (York-Sunbury)
Duffus
Emmerson
Fournier (Maisonneuve-Rosemount)
Grant
Green
Hamilton
Hyndman
Johnston (Lake Centre)
Kuhl
Lennard
MacInnis
MacKinnon (Edmonton West)
MacLean (Cape Breton North-Victoria)
MacLennan
MacNeil
Macphail (Miss)
McCallum
Mallette
Martin
Moore
Mutch
Parent (Quebec West and South)
Parent (Terrebonne)
Raymond
Reid
Rennie
Ross (St. Paul's)
St-Père
Spence
Walsh
Winkler
Young—44.

Mr. MACKENZIE (Vancouver) moved that the report be concurred in.

Motion agreed to.

POWERS OF COMMITTEES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the standing committees of this house shall severally be empowered to examine and inquire into all such matters and things as may be referred to them by the house and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Motion agreed to.

EUROPEAN SITUATION

QUESTION OF PUBLISHING OF CORRESPONDENCE RELATING TO CRISIS OF SEPTEMBER 1938—TABLING OF WHITE PAPER

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): The hon. leader of the

opposition (Mr. Manion) inquired some days ago as to the possibility of publishing correspondence between the British and Canadian governments dealing with the international situation of last September. The hon. member stated that he excluded confidential information. In reply I stated that I should be glad to communicate with the British government to ascertain to what extent if at all they considered the correspondence should be made public. I added that it would be realized that the correspondence in question contained references to other countries, and it was not the practice to produce correspondence of this nature.

I at once communicated to the British government the substance of the question and answer. I now have a reply, which indicates that in the view of the government of the United Kingdom the telegrams in question, so far as they have not been published, belong to a class of correspondence which it has generally been agreed could not be published without detriment to the system of full exchange of information between his majesty's governments on foreign affairs. I can only say that on review of the documents in question I concur in this view.

It will be recalled that an extensive compilation of documents on the Czechoslovak crisis was issued by the government of the United Kingdom as a white paper, and presented to the parliament at Westminster on September 28. The same collection was printed and made public on the same day in Canada. The government thought that hon. members would wish to have this information at once, so the document containing the correspondence as compiled and printed was mailed to all members of parliament. Additional copies are available if desired. They can be had from the Department of External Affairs.

I now table the white paper as issued in Canada.

It may be of interest to the house to know that there was a comment in a leading Paris newspaper, *Le Temps,* regarding the French version of the white paper in question, to the effect that it was interesting that the most complete version in French of the official documents bearing on the crisis had been issued at Ottawa rather than at Paris.

TRADE AGREEMENTS

UNITED KINGDOM-UNITED STATES-CANADA—STATEMENT IN REPLY TO REQUEST FOR TABLING OF CORRESPONDENCE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I might also answer another question of the hon. leader of the opposition (Mr. Manion) in respect to the preliminary correspondence relating to the trade agreements. An examination of the files of official correspondence with the government of the United Kingdom concerning the trade negotiations with the United States has confirmed my impression that we could not reasonably request the government of the United Kingdom to agree to the publication of that correspondence which, in accordance with established usage, has been treated as confidential.

By way of explanation I might add, in the first place, that the original United Kingdom approach to the government of Canada in the matter was paralleled by similar and simultaneous inquiries of other empire governments as to whether they would severally agree to facilitate the successful conclusion of the contemplated trade negotiations between the United Kingdom and the United States by concurring in the requisite modifications of certain margins of preference guaranteed in their agreements with the United Kingdom. Publication of such preliminary correspondence would therefore require the consent, not only of the government of the United Kingdom but of all the other empire governments concerned.

Secondly it may be observed that the understanding finally reached between Canada and the United Kingdom regarding the extent to which they were each prepared to agree to modifications in the margins of preference which they respectively enjoyed in the markets of the other country was effected by the exchange of letters between the High Commissioner for the United Kingdom and myself, which have been tabled as an annexed document to the Canada-United States trade agreement. This understanding was arrived at in the course of the prolonged and complicated negotiations which Canada and the United Kingdom were simultaneously conducting with the United States. It represents the outcome of a confidential correspondence between governments, supplemented by discussions from time to time during the year that led up to the signing of the trade agreements.

In the light of these explanations it will, I trust, be understood why the government does not feel itself in a position to table any of the preliminary correspondence requested.

Hon. H. H. STEVENS (Kootenay East): I am not going to presume to express any view regarding the question of the leader of the opposition (Mr. Manion), who is absent to-day, but one point occurs to me which I think is important. The Minister of Agriculture (Mr. Gardiner) referred to or

declared that there had been a definite request by the British government, and it seems to me that when a reference such as that is made in the house, under the rules we are entitled to the particular document upon which such statement is based. As a fact disclosed in the statement is of very great importance in coming to a proper understanding of the whole agreement, I think that document at least should be tabled. For the moment I am not saying anything further with regard to the answer of the Prime Minister (Mr. Mackenzie King); we will leave that until the leader of the opposition returns, but I would like to direct the Prime Minister's attention to that particular document.

Mr. MACKENZIE KING: As I recall what was said by the Minister of Agriculture, and possibly he could verify this, I did not understand that he was quoting from any document at all. I agree with my hon. friend that no hon. member should quote from a document unless he is prepared to table the document itself.

Mr. STEVENS: If my right hon. friend will permit me, I did not say the minister quoted from the document. He made the statement that the government of Canada had been requested by the British government to do certain things, which I contend brings it under the rule.

Mr. MACKENZIE KING: I do not think there is anything to add to the statement I have just given the house. I think it answers the question of my hon. friend and makes it quite clear that there were requests made on the part of the British government not to the government of Canada alone but to other governments of the British empire. Undoubtedly it would be that request that would be referred to by the Minister of Agriculture.

Hon. GROTE STIRLING (Yale): In connection with the statement just made by the Prime Minister (Mr. Mackenzie King), may I direct a question to the Minister of Trade and Commerce (Mr. Euler). Speaking the other day he said:

> Our preference is suspended only until such time as the treaty between United States and Great Britain may be terminated.

He was asked:

> Is that stated in any British agreement, in black and white?

Then he referred to the fact that it was in the exchange of notes between Canada and the United Kingdom. Does that therefore fall within the category referred to by the Prime Minister, and may we not be informed as to the details?

Hon. W. D. EULER (Minister of Trade and Commerce): I should think not; I believe that could be very well tabled when the agreement itself comes up.

Mr. MACKENZIE KING: It is already a part of the correspondence tabled.

FOREIGN PROPAGANDA

REPORTED CONNECTION BETWEEN GERMAN GOVERNMENT OFFICIALS AND NAZI PROPAGANDA IN MANITOBA

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): According to a statement made in one of a series of articles published by the Winnipeg *Tribune*—

> A direct tie-up between German government officials and Nazi propaganda in Manitoba is revealed by records in the office of the provincial secretary of Manitoba—

Does this statement, with the accompanying evidence, (1) indicate that the present and previous German consuls have exceeded their diplomatic privileges; and (2) warrant an official investigation into such subversive activities in Canada?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend was kind enough to give me a copy of his question before the house met, together with a copy of the Winnipeg *Tribune* which contains the evidence, so called, to which the question refers. I am sorry that I have not had time to look through the *Tribune;* therefore I am not in a position to answer my hon. friend's question categorically to-day; but I would say to him that activities of the kind to which he refers in his question have been drawn to the attention of the government from time to time and have been and are being investigated. Some time later I shall have a statement to make to the house on the matter, but I think that is as far as I can go at the moment.

SEED GRAIN

INQUIRY AS TO PROPOSED MEASURES FOR SUPPLYING OF SEED IN WESTERN CANADA

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): In view of the fact that it is almost February 1 and the farmers in western Canada will soon require their seed for the 1939 crop, would the Minister of Finance (Mr. Dunning) make a statement as to when he proposes to bring in a measure which will provide for the supplying of seed; and will he assure the house that there will be no delay in furnishing the seed this year, as there was last year?

Hon. CHARLES A. DUNNING (Minister of Finance): I think my hon. friend knows that is scarcely a proper question to address to the government on the orders of the day. Does my hon. friend mean that there is a situation which demands dominion financing, in the same manner that was adopted a year ago? The hon. gentleman implies that such is the case, but I have no evidence that there is any condition as serious as that which warranted the action taken a year ago.

Mr. PERLEY: Would the minister inform the house, then, if he has had any requests from the provincial governments, from any associations or municipalities or from other bodies, with respect to seed?

Mr. DUNNING: Such requests might not come to me, but in any case I have had none personally.

DOMINION ELECTIONS

APPOINTMENT OF RETURNING OFFICERS

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): I should like to ask the government from what political group or groups the 245 returning officers recently appointed were chosen.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think my hon. friend will have to find that out for himself.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Thursday, January 26, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Mr. W. H. GOLDING (Huron-Perth): Mr. Speaker, at the outset I want to extend to my hon. friend the leader of the official opposition in this house (Mr. Manion) my sincere congratulations upon having been chosen for that important position. I congratulate him also upon his recent election and his reentry into this house. The party of which he is now leader has had a great deal to do with the shaping of the history of this dominion, and it is a very high honour to be chosen as its leader. The hon. gentleman is an aggressive exponent of his party's cause, and I know he will put forth his best efforts to lead it to victory. The first time I came into personal contact with the force of his aggressiveness was during my own by-election campaign in Huron South in 1932; and I want to go on record now as expressing the hope that in the years to come his aggressiveness will meet with the same success that it met with on that occasion.

Then, too, with all others who have spoken I want to extend my congratulations to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the motion now before the house. Both these hon. gentlemen made excellent, constructive speeches, and they are deserving of all the congratulations which have been offered during the course of this debate.

I should like also to extend my congratulations to the two hon. gentlemen who were recently appointed to the cabinet. I believe that both these hon. members will fulfil the duties of the offices to which they have been assigned, and will prove to be a credit to their constituencies, to the government, and to the country.

Then, too, on behalf of the citizens whom I have the honour to represent, I should like to take this opportunity of expressing to Their Majesties the King and Queen the appreciation of the people of my constituency for their having graciously consented to visit our country in the coming summer. I believe this is the first time in the history of Canada that royalty will have visited our shores, and I can assure them that from the people of the counties of Huron and Perth they will receive a loyal welcome.

I am sure everyone interested in the welfare of Canada must have been deeply impressed with the full and able presentation of our whole general situation which was so splendidly made by the Prime Minister (Mr. Mackenzie King) in his very excellent address, and by the other members of the government who have spoken in this debate. It must be gratifying to every hon. member and to all the citizens of Canada to know that notwithstanding many disturbing and serious factors which have arisen in the last year and a half, Canada has maintained a steady position. I am glad to know this, because I have been interested in seeing each of the cabinet ministers make a success of the administration of his particular department. I believe that is the desire which has been widespread throughout Canada. Indeed shortly after the last federal election, when the personnel of the cabinet was announced by the Prime Minister, there seemed to be general satisfaction and a feeling that a body of studious and reliable men had been selected to carry on the business of our country. Indeed the announcement was received with general approval, because it was felt that in the cabinet we had a group of men who knew

conditions in Canada and who could be relied upon to deal with them in a sound, sensible and businesslike way. Now, after a little more than three years in office, the confidence in the ministry is greater than it was when they received their appointments, with the result that during the past three years business men throughout Canada have confidently endeavoured to extend their business, in order to restore prosperity to our country, and to overcome the feeling of pessimism and hopelessness which had settled over us after a taste of a depression which, I believe we all agree, was unprecedented. I believe the confidence which has been so apparent is attributable in no small degree to the splendid way in which Canada's business has been managed by the Prime Minister and his worthy colleagues. If one had the time to deal with each department he would find that these ministers have worked early and late, keeping a close watch over all the activities of their departments, in order to give Canada a sound business administration, and also to prove themselves worthy of the confidence reposed in them by the Prime Minister.

In the past three years we have followed the visits of our ministers to other countries. In a quiet and effective way they have been endeavouring to arrange trade agreements with this and that country, making it perfectly plain that they are willing to buy as well as to sell in order to restore our trade, and thus endeavouring to improve the position of our agriculturists and our industrialists, and to assist in removing one of our greatest problems, namely unemployment. Time will not permit me to deal with each department separately and to say what I should like to say about the Prime Minister and each of his cabinet colleagues. I do take this opportunity, however, publicly to express my confidence in them, to congratulate them upon their success so far and to give them full credit for what they have been able to accomplish in a little more than three years in this parliamentary term. Particularly do I extend my congratulations to those who are serving in the government for the first time.

In this debate I believe hon. members are permitted to deal with the general situation in Canada. In the few moments at my disposal I wish to refer particularly to our financial position, and to our position in connection with trade. May I first congratulate our good friend the Minister of Finance (Mr. Dunning) upon his restoration to health, and also upon the accuracy of his budget forecasts in the past three years. I believe that in the Minister of Finance the government is fortunate in having the right man in the right place, and that under his supervision the financial affairs of Canada will be well and faithfully guarded.

I know that at the present time under the circumstances which exist the government is being compelled to make expenditures that it would be very glad not to make. But in view of the tremendous burden of taxation and debt we are now struggling to carry it becomes the duty of every hon. member to rally to the support of the Minister of Finance, to help him in his effort to practise economy and thus relieve our people of some of their burden. I believe the time has come, indeed it is long overdue, when the federal government and all other governing bodies in Canada will have to be more considerate and adopt policies more generous to the taxpayer.

In many of the speeches in the house we hear appeals to the government to be more generous with this or that class or with this or that proposal, but we all too seldom hear an appeal to be more generous with the taxpayer. It seems to me it should not be necessary to warn the members of the house that even with the splendid upturn of business we have had we cannot now balance our budget; just what hope, then, can we hold out to our people of ever being able to relieve them of this burden, one which is already almost too great to be borne? I fully appreciate the fact that the government is extremely anxious to adopt a policy not only of pay-as-you-go but also of reducing our debt, which has been piling up year after year. I confidently believe this can be done, provided the government has the backing and sympathy of its supporters in the movement. It seems to me that if we are going to be fair to those who have placed us in our present position we ought to endeavour to manage Canada's business just as carefully and economically as if it were our own. If we do that certainly we will not be encouraging the government to make expenditures running into millions of dollars which cannot be met out of revenue and which through interest charges add to our burden of taxation. If we were to conduct our own private business in this manner we would soon reach the place where we would not be able to operate at all. We must not forget that governments, whether they be municipal, provincial or federal, are not unlike individuals in this respect. If we continue to spend more than our income, sooner or later we will not be able to operate and will be facing bankruptcy.

We have all heard it stated by certain journalists and speakers that our politicians

are wholly and entirely to blame for the financial position in which the country now finds itself. Indeed, there are some speakers who seem to think it clever to belittle those who represent them in a public way, whether it be in the municipal council, in the county council, in the provincial legislature or in this federal house. It seems to be the procedure of some to try to create suspicion and distrust of those who are in public life, no matter in what capacity. Constructive criticism is necessary and is one of the finest things we can have, but if this carping and destructive personal criticism, this attempt to undermine and cast suspicion on our public men, is continued on a wholesale scale, it will eventually lead to revolution of one kind or another. It has always seemed strange to me that a person in a profession or in any other walk of life may be a respected citizen to-day, but if he enters politics to-morrow, every word that he utters and everything he does will be viewed with suspicion. This condition is an unfortunate one and should not exist.

In every municipality, in every country, citizens of integrity and honesty are needed to fill the positions of public trust and to represent the people in the administration of public affairs. But I am afraid that if this kind of criticism is continued the time will come when it will be very hard to persuade citizens of the desirable type to accept these positions. I wonder if we ourselves are not partly to blame? In this house we vote millions of dollars for the relief of the unemployed and at the same time we tell the country that nothing is being done for these people. I think we should make it perfectly clear that while we differ seriously and strenuously and honestly in regard to policy and matters which we think affect the welfare of the people, there is no reason why those who differ with us should be called crooks and rogues or other similar names. There is no doubt that among politicians, as among other classes of citizens, there are good and bad, but I do think that those who fill their positions honestly and conscientiously should be given credit.

As I say, I am inclined to agree with the statement that politicians, both past and present, are largely to blame for the financial position in which the country now finds itself. But we should not overlook the fact that the people themselves are not wholly free from blame. There is no governing body to-day that is not being continually petitioned to extend services of one sort or another and to do things here and there, all of which increase taxation and debt. Therefore I submit that we must all accept our share of this responsibility.

However, setting aside for the moment the debatable question as to who is responsible, I must confess that when I endeavour to make a survey of our financial structure, I cannot help but be alarmed. I believe that if we are ever going to be able to give any relief to our people, definite steps must be taken to set our house in order. First, drastic reductions must be made in our expenditures. Second, we must eliminate all overlapping services as between the federal and provincial governments. Third, there must be a gradual reduction in tariffs and all other forms of taxation on consumer goods. Fourth, we must endeavour in every way possible to promote and extend our trade in order to assist in the solving of our railway and unemployment problems. Fifth, we must keep firm control over relief expenditures.

I should like to express this opinion. I believe that if this government ever undertakes to assume full responsibility for relief, if it ever takes away this responsibility from the municipalities, at that moment you can say good-bye to the solvency of this country. I say that after twenty years of municipal experience. I do not believe there is any body in this country that is better able to keep a finger on the relief situation than the municipal councils. Therefore I would warn the government, the opposition and all others in this house to be very careful about taking over that problem. This country cannot afford to finance the necessary machinery to keep full control over relief across the dominion.

Both the government and the Minister of Finance (Mr. Dunning) are extremely anxious to practise economy and to put this nation upon its feet financially. I submit that we as members can assist them materially in doing this. It is our duty to do it because if we are to give any consideration to the problems which confront us we must realize how essential it is, if we are to expect our agriculturists and industrialists to compete in the markets of the world in selling their products, that taxation be reduced in order to reduce the cost of production. When I was a boy on the farm—I am sure many hon. members who have had practical experience in farming can recall this also—farm prices were much lower than they are at the present time. Notwithstanding that fact, our farmers were making steady progress because their overhead costs were also much lower. Generally speaking, farming in those days was more prosperous than it is in these modern

times. That is why I contend that we should endeavour in every way to reduce the cost of production.

I appreciate fully the fact that practising economy alone is not sufficient. Confining our efforts simply to the balancing of the budget might mean impoverishment and hardship to many. We must consider other plans and policies that will assist in solving our problems. In the first place, we must recognize the fact that this is an agricultural country. Our first consideration should be for the welfare of our agriculturists. I am persuaded that we are not going to solve our problems by carrying on a large program of public works, by endeavouring to promote extensive housing schemes, or by adopting a definite policy in regard to advanced social legislation. I agree that there is a great deal of merit in many of these things and that they are deserving of serious consideration, yet I believe that the solution of our problems lies largely in the adoption of a policy which will put agriculture on a paying basis. If we could accomplish that, I am perfectly satisfied that our unemployment problem would dwindle to the vanishing point, and the Minister of Labour (Mr. Rogers), who has now one of the heaviest burdens to bear in this government, would be relieved of that particular burden. In passing I should like to say that in my opinion no more honest, no more conscientious man has ever filled the portfolio of labour in this country than the present minister. He is endeavouring to do a good job. During the last parliament I listened to criticism directed against the Minister of Labour of that day, and I felt then, as I do now, that the portfolio of labour is not a desirable one, and that any minister of labour, no matter what he does, will be criticized.

Canada, Mr. Speaker, is an exporting nation. I have always believed, notwithstanding any talk to the contrary, that the prosperity of Canada depends largely on our ability to negotiate trade agreements with other countries, and therefore I wholeheartedly agree with my right hon. leader and with the policy of the Liberal party of endeavouring to promote trade with foreign as well as empire countries. It is only by following this principle that our trade figures have increased to the extent they have since this government came into power. The policies put into force by this government have been in keeping with the assurances given by this party to the people at the last federal election. I can assure the government that the people are pleased with the results that have been attained and with the reductions that have been made in tariffs in order to negotiate the various treaties which have been concluded with other countries.

There has been a great deal of criticism of some of the posters used in the last federal election. But, Mr. Speaker, I believe that this government has been a government of action. Immediately after it took office in the fall of 1935, realizing that one of the most effective ways of assisting agriculture was by securing markets for the vast quantity of products we produce, and which with our limited population we cannot consume, this government took steps to make a trade agreement with our neighbours to the south. When the agreement came before the house it was subjected to a great deal of criticism, and a large number of members did not agree with the terms and conditions of that agreement. If we look up the records of that debate and of the vote on the resolution which preceded the introduction of the bill itself, we shall find that every member of the official opposition voted against the resolution, while it had the endorsation of every supporter of the government and of every independent member. During that debate the right hon. gentleman who was then leading the official opposition (Mr. Bennett) took a leading and very active part, and certainly he did his utmost to persuade the members of this house to vote against the resolution. Listening to him and to other hon. gentlemen opposite in that debate I could not help thinking that they were running true to form so far as trade with the United States is concerned.

I have a very vivid recollection of some of the arguments that were used when this country was considering the reciprocity pact which was defeated in 1911. I think it will be remembered by all who were interested in that controversy that our right hon. friend, the former leader of the opposition, was one of those who bitterly opposed the reciprocity pact. Speaking on one occasion, and I have kept this clipping a long time, he said:

> Little did I think that within a generation the Canadian people would be called upon to face the issue which endangers our land and the existence of the flag under which we live. Little did I think that the same issue would come to us. Now they (the Americans) have come to us with the golden eagles and the gilded dollars. They have come with their insidious promises to ask the people to traffic with their birthright. Since when did men begin to sell their birthright for a few peas and beans? . . . We have not fallen so low as to allow this country's resources to be exploited by Mr. Taft and the United States. Because I believe this treaty threatens the empire, I ask you to smite it with all your might.

These arguments and this attitude did not go unnoticed by the Liberal chieftain of that day, the late Sir Wilfrid Laurier, who, speaking in this house after the defeat of his government, used these words:

> Sometimes I realize that I have reached the allotted span, the three-score years and ten. I may not live to see it, but the time will come, my friends, when my fellow-countrymen will wonder if, after all, Fielding and Laurier were not right in seeking freer trade in natural products with our neighbours, while increasing our trade with England through British preference. Even my brilliant young friend from Calgary (Mr. Bennett) may concede it some time. I cannot pierce the mists of the future, none of us can, but I am confident coming years will vindicate our course.

These, Mr. Speaker, were prophetic words. The time did come when our trade was at a very low ebb and when we would have been glad to enter into a trade agreement with our neighbours to the south. I remember well, because I was a member of the house then, that in 1933 Mr. Roosevelt, after he was elected President of the United States, sent out a message to the world that his government would be glad to enter into trade agreements with all other governments in order to get trade moving. At that time there was a widespread feeling in Canada that once more we were to be given the opportunity to sell our goods in United States markets, and I remember how this house was thrilled when the then prime minister announced that there was a possibility of a trade agreement being negotiated between the two countries. But, Mr. Speaker, our hopes were crushed by the speech delivered by the same right hon. gentleman in 1934 when he hurled questions at the opposition asking them what they wanted reciprocity in. He went on to quote the prices of cattle and hogs and butter and eggs, all of which were a little higher in Canada than in the United States, and he asked: Are these the products that hon. gentlemen opposite want reciprocity in? Do they want the Americans to come over here and get our prices? Listening to that address, Mr. Speaker, and remembering the attitude of years gone by, one could come to no other conclusion than that the negotiation of a trade agreement between our neighbours to the south and a government led by any person with views and feelings such as these was an impossibility, and I think the Canadian people had that definitely in their minds when they voted as they did in 1935.

I have heard a good many references to the fact that our trade is less than it was in 1937 although we still have these trade agreements, and sometimes there seems to be in these remarks a tone of satisfaction rather than regret. But do hon. members opposite think for a moment that if we did not have the trade agreements our trade would be as large as it is? I should be glad to have an answer to that.

I cannot forget the many speeches which have been made in this house since I became a member, in reference to the impossibility of expanding or extending our trade. The reason given always was, of course, that all other countries are trying to provide for themselves. It has seemed to me as I have sat here that the Liberal party is the only party with confidence in its ability to do something worth while along these lines. It is now a matter of history that on October 14, 1935, the people turned to the Liberal party hoping that it would be able to accomplish what it evidently believed and led the people to believe could be accomplished in the way of expansion of trade. Anyone who wants to be fair and who looks up the record of increased trade from 1935 to the present time will come to the conclusion that it has kept its promise in this respect, and that its record is appreciated by all classes of our citizens.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, if the voice that started this debate was the voice of the west, I think I can truthfully say that I am the voice of the east; and when you compare the figures of the two by-elections they give a very interesting picture of what the people of Canada are thinking to-day. By adding the figures together we find that the Conservative party polled 13,336 votes, the Liberal party 10,313 votes, and the Cooperative Commonwealth Federation 10,121 votes—certainly a record from which we have nothing to fear so far as the coming election is concerned.

May I first crave the indulgence of Mr. Speaker and hon. members during this address? I realize that I am a new member of this house, and it is possible that in some respects I may contravene the rules. But if I do so it will be purely through ignorance, and not because I have any desire, sir, to call down your wrath upon me.

I want in the first place to thank many hon. members on all sides who in various ways have assisted me since I first came here. I have found them very willing to help me in looking after the many details to which a member must give his attention while he is in Ottawa.

I also want to make some reference to their majesties' visit, because I understand that they are to pass through Waterloo county. I have not been advised of this, but if and when they do come to Waterloo county they will find not only a district where they will be loyally

welcomed, but one in which many of the nations of the world are represented—English, Scots, Irish, Germans, Poles, Ukrainians, and many others, and all loyal Canadian citizens.

As a new member I hesitate to criticize the government because I realize there are those who will think that in doing so I should be taking a great deal upon myself. But during my time in the Ontario house I was very close to many of the problems we have been discussing in the last few weeks, problems of vital interest to the people of this country. For that reason I feel that I am justified in rising in my place to-day and criticizing the government for its do-nothing policy.

I had hoped that before I had anything to say in this chamber I should have heard from the government something more tangible than what we have heard as to just what they are going to do for the destitute people of the dominion. It is true that we have promises — indefinite ones — in the speech from the throne. But in examining those promises we cannot find one thing really based upon a policy which will be of some benefit to the people of this country. Reference is made, of course, to the trade treaty. Later on I want to deal with that for a few moments. I come here, a representative of the Conservative party, as a direct rebuke by the people of South Waterloo to this government because of its trade policy and the fear of what it was going to do to Canada—a fear which has been realized to-day.

From what I have heard from the government benches I doubt very much whether the government realizes what the conditions in this country actually are. In 1935 throughout the whole campaign they blamed the Bennett government for everything that went wrong. In the speech from the throne they blamed drought conditions in the west and world conditions. No mention of those things was made in 1935. I have before me a copy of the speech from the thone. Very little is promised in it, and if the promises are of no more value than those which were made by the Liberal party in 1935 there is certainly a very poor outlook for the people of this dominion until another election can be held. To my mind it is a very meagre menu that the government offered the people of Canada. No reference is made to national unity, which I consider one of the most important questions affecting the dominion. It is true that there is a reference to the commission on dominion-provincial relations, a body which, had this government carried out the promises it made in 1935, would never have had to be appointed. As everybody knows, the electors were told then that all that was necessary was to elect a Liberal government at Ottawa and all the troubles and the trials and the lack of unity in this country would come to an end. Who can forget the speeches made by the Hon. Mitchell Hepburn as he went up and down the country asking the people to vote for a Liberal government at Ottawa so that the provincial governments could cooperate with them? Incidentally, that is one of the things which Mr. Hepburn states he will never be able to live down. But what do we find? Immediately after the election they had a dominion-provincial conference. It lasted a day or so and broke up in a quarrel. Mr. Hepburn went home disgusted with the whole matter; when they were hunting for him one afternoon he had taken the train for Toronto. From that day on we have had disunity in this country and it has been a big factor in the troubles we have to-day. As Canadians we read with pride the story of confederation. We realize what those men who brought confederation into being did, and how well they built this nation. They forgot their political differences and joined together to do a job. They did a good job. But over seventy years have gone by and what they did then naturally requires revision now. Are we as Canadians and members of this house going to say to the people of Canada that after seventy years in which to learn by experience the various things that could make this country better and cement its unity we are not big enough to handle the job?

Mr. MARTIN: That is what the hon. member is saying.

Mr. HOMUTH: If we will forget this interprovincial disunity and the hostility of provincial governments to the federal government; if we forget our political bickerings and get together and deal with this matter from the standpoint that there is no east and no west in Canada, no Quebec, no Ontario, but just one nation, willing to give and take, if need be to give more and take less—if we do that there is no reason why we cannot cure many of the ills that afflict us to-day without interfering with the sacredness of provincial rights. These things can be done. All we need is some lead from this government, who promised in 1935 that they would do it. Every hon. member of this house and I believe every provincial government in Canada would do its utmost to bring that about. Instead of that we have quarrelling, quarrelling, quarrelling; charges of conspiracy, and so on. I take some pride in the fact that the by-election in Waterloo South had

something to do with bringing this condition into the open, because it is just as well for the people of Canada to know something of what is going on behind the scenes. The Minister of Agriculture (Mr. Gardiner) did not have to go to Toronto to see Mr. Hepburn in order to find out why the Liberals lost the election in Waterloo South. They lost it because of the three years of do-nothing policy of this government, and fear of their trade treaties. Is it strange that when we think of this break between the Prime Minister of Canada and the various provincial premiers, particularly Mr. Hepburn, we wonder if there is the solidarity in the dominion cabinet that hon. gentlemen opposite would like us to believe exists? In fact if the editorial suggestion of the Montreal *Standard* of Saturday last is true, they had a very interesting caucus a week or so ago. And the two peacemakers who went to the Bannockburn farm and tried to bring peace and harmony in the party apparently were thoroughly chastised for their efforts.

In the campaign in Waterloo South we had three cabinet ministers taking part, the Minister of Trade and Commerce (Mr. Euler), the Minister of Justice (Mr. Lapointe) and the Minister of Transport (Mr. Howe). Whom did they come to speak for? Naturally for the Liberal candidate. But I do say they did me a lot of good. What was the Liberal candidate's attitude so far as the Prime Minister of Canada is concerned? Let me read what he said in his nomination speech. And, mark you, this gentleman made this the one great point throughout his campaign.

Mr. GARDINER: That is why he was defeated.

Mr. HOMUTH: And a lot more of you are going the same way too. This is what Mr. R. K. Serviss, the Liberal candidate, said at his nomination meeting:

> "It is my belief," the mayor continued, "that the urban workers particularly in the textile and shoe industries must have adequate protection. We in Ontario are the big brother among the provinces of Canada. If we are going down into our pockets to help sustain the free trader prairie provinces by subsidizing their wheat at 30 cents a bushel, the farmer in Ontario whose province is contributing 47 per cent of the total revenue to the dominion treasury is entitled to some consideration too. These same free traders be they Liberal, Conservative or bolshevik must give consideration to the working men and women in Waterloo South. They must make their contribution by permitting an adequate tariff for the protection of the workers."

[Mr. Homuth.]

Listen to this. This is the prime piece of the whole platform on which the gentleman ran:

> "The two greatest problems in our country to-day," said the speaker, "are relief and the railway problem, and we will never solve the latter problem until you get a man like Mitch Hepburn at Ottawa to do the job for you."

Mr. MARTIN: That is why the hon. gentleman is here. That is the secret.

Mr. HOMUTH: I referred a moment ago to the distress of our people and some of the promises that were made in 1935. Who can forget the tirade carried on by the Prime Minister, particularly in 1935, against the camps that were established throughout this country, or the promises he made that he would take the boys out of those semi-military institutions and give them jobs throughout the country at decent wages? Yes, they closed the camps, but what did they do with the boys? Scattered them over the highways and byways of Canada. Motoring through the country I have picked up many of them, forgotten men, uncared for by anyone. Who are these young men? If the crisis which threatened last September had broken, as many of us feared it would, they are the young men that this government would have expected to take their part in the military service of this country. They are the young men they would have expected to line up for whatever service the Department of National Defence wanted. They are the young men they would have gone to and said: Here is your opportunity to do something for your country. "Fight for the country—why?" they would ask. "Fight for the privilege of wandering up and down the highways and byways of this country, not wanted by anyone?" What answer could this government have given to them? If that crisis had broken, this government would have found ways to raise millions, yes hundreds of millions of dollars for the purpose of equipping these men, feeding and clothing them—for what? To defend Canada, yes; to be killed or to kill. If we can find money for that, why can we not find money to give them a chance to live and work out their destiny here? If we had been in power when the riots occurred in British Columbia about which we all read, I can easily imagine the Prime Minister and his supporters hurling taunts and accusations across the floor of the house about it. The riots that occurred out there were directly due to the policy of this government.

I have referred to the destitute people of this country. By destitute I mean people who are hungry, ill clad, ill housed, without decent

living conditions. This government is working on a long range policy, so hon. members tell us in their speeches. As a result of it we have had three disastrous years. They are so busy looking at that long range policy, looking at the horizon hoping against hope that the sun of prosperity will break through, that they fail to see the poverty and destitution at their feet. We hear of communism in this country. Certainly we have communism. The surprise to me, after the failure of this government to do something for the people of this country, is that we have not something worse. We all read the stories that appeared in the *Globe and Mail* relative to the condition of the fisherfolk of the maritimes. You do not have to go down there to find poverty-stricken people. You can find them in Ontario; you can find them in Ottawa; you can find them in every township, village, town and city throughout the Dominion of Canada.

I wonder what the poor, hungry people of this country think when they read in the press all the talk coming from the Liberal benches, and learn that the government are hunting for markets for the milk and cream produced on the farms of Canada, when we have thousands of children who are not getting enough milk to build strong, healthy bodies; that they are hunting for markets for our pork and our beef, when we have families in Canada that do not see meat twice a week. The same thing applies to many other commodities the hon. gentlemen are talking about exporting. Give our people jobs; give them adequate, steady wages; give the farmers decent prices for their produce. Then a great deal of this surplus produce will be used up. Our people do not want government pap; they do not need it. We have the right kind of people, who can work out their own destiny if they are only given the opportunity by those who are in power in the provinces and the dominion.

I said I wanted to deal at some length with the trade treaty, and because of my knowledge of the condition of industry in this dominion to-day I say that industry has the jitters and is afraid. There is no security for industry.

An hon. MEMBER: Tax the farmers more.

Mr. HOMUTH: You will have the jitters too, before this is all over. The other day the Minister of Trade and Commerce said they had heard no real protests against this trade treaty. Perhaps not, but there will be plenty of protests yet. I do say that industry is afraid when the Liberal party is in power, because for the last few years it has been their direct policy continually to chisel, chisel, chisel at the tariffs under which these industries have been operating. Sometimes I am amazed at the childlike simplicity of the Prime Minister, at his belief in the benevolence of those countries with whom we make trade treaties. He believes they would do him no wrong, but in the working out of the treaties we find that they are the sort of countries who would trade a coconut for a peanut any day, and we would get the peanut. I recall a little ditty that I heard in my childhood and which, with a little revamping, fits very well the attitude of the Prime Minister since 1935 in connection with trade treaties:

Tinker, tinker, little man;
Do your tinkering while you can.
Mischievous tinkering cannot last;
Elections come and your tinkering's past.

The other day the Prime Minister accused our party of being apostles of economic nationalism and of saying that trade was war. He also suggested that we were not being fair to the government in that we continually knocked it. In the first place, Mr. Speaker, as the hon. member for Kootenay East (Mr. Stevens) said the other day, we are not the apostles of economic nationalism. We are interested in national economics, which is something this government apparently has forgotten. And when the Prime Minister asks us to say something kind and good about this government, why do they not give us a chance to do so? Why do they not do something so that at least we can go to our people, who are worried and harried and wondering what is going to happen in the future, and say, "At least the government are going to do this." Would it not be a good idea for the Prime Minister to take some of that philosophy to heart? Can one forget the campaign that he carried on in 1935? Was there ever a more bitter tirade against a leader or a party than that of the Prime Minister and his supporters in 1935? The Prime Minister accuses us of saying that trade is war. Well, Mr. Speaker, speaking for myself I say yes; trade is war. It is commercial war, and when we make a deal with another country the only way to figure out whether or not that deal is fair to Canada is by the number of lucrative jobs that are given the workingmen of this country as a result of that deal, and the type of market that is given to the farmers at the same time.

The other day we heard two different lines of thought from hon. gentlemen opposite. In his speech the Prime Minister referred to trade

under the new treaty but dealt more particularly with the treaty from the standpoint of appeasement; that it was necessary to do this; that even if the benefits were not as great as they should be, this was the one thing Canada had to do. The Minister of Trade and Commerce, my fellow representative from Waterloo county, dealt with the question from an entirely different angle; and to my mind, poor as his argument was in regard to the benefits that Canada would receive as a result of this trade treaty, at least he dealt with it strictly from the standpoint of the trade between the two countries. To me that is the right way to deal with it; because under this so-called trade treaty from the Prime Minister's standpoint of appeasement, we make a treaty not only with the United States but with Germany, Italy and Japan, while some of the nationals of those very countries are to-day attacking us and trying to undermine the British constitutional system of government. So I ask: What mandate has this government from the people to go out and try to make a trade treaty as a gesture of appeasement to Japan, Germany and Italy? If the safety of the democratic institutions of the United States, Great Britain and Canada is to be predicated only upon the question whether or not we are prepared to sell out our workingmen and farmers to the people of the United States and other countries, then, as reverently as I can, I say God help democracy.

In his speech the other day our leader referred to the question of shoes. The Minister of Trade and Commerce immediately checked him up and quoted figures showing that only some two or three per cent of the shoes used in Canada were brought in from other countries. I still say, Mr. Speaker, that as a result of the trade treaty of 1935 and the trade treaty just negotiated we are going to give work to Czechs, to Germans, to Japanese and to people in the United States, while our own people will be put out of work. But it is not a question alone of how much stuff comes in, because after all we are not going to have the factories closed. Men who own industries dare not close them. Every cent they own is invested in them. They dare not close their doors; they have to keep them going. And so, regardless of what is done with the tariff, they try to keep their industries in operation.

How do they do it? Right to-day, in order to compete with the United States on shoes, manufacturers have to reduce wages in the shoe industry in Canada. They will have to lower the quality of the goods which go into many lines of shoes. It is not a question of how much stuff comes into Canada because of trade agreements; rather it is a question of what, as a result, will have to be done in our industrial areas in order to compete against conditions in other countries. When the trade agreement is up for discussion I shall be able to show only too plainly that the conditions are just as I have described them. I will give facts and figures which will indicate that even though they are importing shoes to-day, and bringing them into Canada in competition with shoes made in the county of Waterloo and other parts of the country, the consumers in this country will not get them one cent cheaper. They are purchased over there simply on the basis of the amount of write-up that the merchant and wholesaler can put on them.

So that when we look back and read what the Prime Minister said in 1935 as to what he expected the trade treaty to do, we have cause to wonder. I challenge the Minister of Labour to go out to any industrial riding in Canada and say to the people, "As a result of the trade treaty of 1935 we have brought you prosperity." I challenge the Minister of Agriculture to go among the farmers of Canada and say to them, "As a result of the trade treaty of 1935 we have brought you prosperity, as predicted by our leader at that time."

Mr. GARDINER: I did it in Brandon.

Mr. PERLEY: The rural vote did not show that.

Mr. GARDINER: Yes, it did.

Mr. HOMUTH: Long before I came to the house I heard that the Minister of Agriculture was more or less the bantam or the scrapper of the cabinet. But I have no hesitation in saying he will never be able to sell the argument in eastern Canada that this government has brought prosperity to agriculture in Canada. If he can do it in the west he has made a poor job of it, because he has a minority supporter from Brandon.

My time is nearly up, but there is one more matter with which I did wish to deal, namely the question of commissions. The people of Canada are sick and tired of commissions —commissions for this and commissions for that. Our party has not been wholly blameless in the matter, either. But I do not hesitate to say that the people of Canada, and I include myself, are sick and tired of commissions. A commission which was supposed to work free—$300,000; a provincial commission now set up is going to cost over $100,000, simply because the federal government at Ottawa could not agree with the provinces.

Surely if we are to have commissions to govern the country we might just as well go home; we might as well quit having cabinet ministers. I cannot understand why we should pay cabinet ministers the large salaries they are paid, and maintain their staffs, if we are going to turn over to a commission every real problem that comes before them.

Furthermore, there has been too much of this business of trying to build up some constitutional issue with regard to everything the people want to have done for them. If a request is made for something, immediately a constitutional issue is raised; lawyers are always able to find one. While I have every regard for the legal members of the house, I do not hesitate to say that the people of Canada are sick and tired of being told, every time something should be done for them, that it cannot be done because of the lack of constitutional authority to do it. I sometimes wonder why the Prime Minister has not taken the bit between his teeth once in a while and done something about it. But he is one who can raise a constitutional issue just as quickly as anybody else.

The people are tired of the whole thing, and they want to see action this year from the government.

Mr. MacNICOL: They cannot get it here.

Mr. HOMUTH: The government has a chance to do something. It has a chance to do something to make up for the disastrous three years through which the people of Canada have just passed, in spite of the promises made in 1935. If the government had had a proper approach to the provincial governments, if it had gone out in a spirit of compromise, we would have in Canada to-day national health laws, national hospitalization and national labour laws, all of which are badly needed. All these improvements could have been law to-day if the government had been willing to compromise with the provinces, as it ought to have done.

And so I say that when one reads of the promises of 1935 he has cause to wonder. I well remember the morning of October 15, 1935, when I thought the sky had fallen and there was no longer any chance for Canada. I picked up a paper and read a statement made by the Prime Minister, to which my leader referred in the course of his observations. I read that speech of dedication, and I read it carefully. Who could help being impressed by those beautiful words, those wonderful phrases? They were music to the ears of everyone in Canada who had hoped that something good would come from the election of the Liberal party. I read that dedication speech—and then, of course, I realized who had made it. I recalled the flowery speeches he had made in the past and I began to understand that perhaps after all the sky actually had fallen. Three years later we find that it has; the people of Canada are absolutely crushed under the burden which has been placed upon them.

Not only do I like the wording and phrasing of this speech, but I think hon. members of the house and the people of Canada generally should be impressed with the significance of the wonderful dedication speech made by the right hon. gentleman; we may then realize how little he has lived up to it. The Prime Minister said:

> In the new era which dawns to-day the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before. Poverty and adversity, want and misery, are the enemies which Liberalism will seek to banish from the land. They have lain in wait at the gate of every Canadian home during the past five years, and their menacing mien has served to destroy the souls as well as the minds and bodies of an ever-increasing number of men, women and children in our land. We take up at once, as our supreme task, the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by Providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that "health and peace and sweet content" which is the rightful heritage of all.

And then they tell the hungry, ill clad, ill housed people of Canada that we are hunting for some place to get rid of our meats, our butter, our eggs, our milk and other things that our own Canadian people have not the money to buy.

At least in that dedication speech the right hon. gentleman admitted that the Conservative government had kept these terrible enemies of the people at the gate. We were slowly but surely driving them from the country. But this government has opened the gate. Those enemies have opened the door and entered the homes of our Canadian people, and out of them they have driven peace, happiness and security. The words of the Prime Minister's statement were brave words, but what use are they without deeds?

I say that unless this government makes some definite move to do something it will stand indicted before the highest tribunal in the land, the Canadian people, as a government which has absolutely forgotten those who put them into power. When the opportunity comes, as it must come, and the people hope it will be soon, they will be in a position to undo the wrong that they did themselves

in 1935. After all there is no hope for the government that is in power. No blood transfusion or dope or anything else can revive the little spark of life that once was there. They are on their way out. Politically they are dead. All that is necessary now is an election so that the people of Canada can give them a proper burial under an avalanche of ballots. When we come into power we will once more make effective the policies which in the past brought security to Canada.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I intend to lump my congratulations. I offer them to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply, to the new leader of the Conservative party (Mr. Manion) and to the new members, although I think perhaps I should offer condolences rather than congratulations. I offer them to the new cabinet ministers. Their appointment particularly interested me. This choosing of cabinet ministers is a strange business. There must be some rules by which the Prime Minister (Mr. Mackenzie King) decides who is to be appointed. I do not know what they are and I was wondering if some time he would not take the house into his confidence. We would then have some idea as to who were to be our future cabinet ministers.

I do not intend to follow the very eloquent speech of the hon. member who has just spoken (Mr. Homuth). He is new to this house, but has had legislative experience. There are only two things I would say to him. First, we did not have a riot in British Columbia when the Conservatives were in power, but there was one in Regina. I get no enjoyment out of saying this, but I think it is well for us to remember it. The other thing I want to say is that much as I would like to become enthusiastic over the trade treaties, my honest opinion is that if we heard nothing of them one way or another for six months we would never know they had been signed. I have waited so long for Canada to be relieved of its difficulties by means of trade treaties that I do not intend to be fooled by this one.

I do not intend to follow the speech from the throne paragraph by paragraph. I shall refer to only one subject in it. I intend to confine myself entirely to a few questions which seem important to me.

In these days of confusion and tragedy abroad one's mind turns to things at home, to things that one can understand. All over the world we are seeing liberty, freedom and personal security being swept away for thousands, yes even millions of people. We see democracy backing away before the onslaught of fascism. What surprises me more than anything else is the fact that the conscience of the world has been seared to such an extent that we can endure the tragedy of China, the betrayal of Czechoslovakia and the unparalleled agony of Spain without doing anything about it. We even see Great Britain and France, countries which we thought were great democracies, aiding the fascists to overthrow the Spanish government by means of the non-intervention pact. Quite apart from what was in our innermost hearts, we listened to the Prime Minister of Great Britain being lauded the world over in the name of peace, or this new word "appeasement", for having delivered democracy into the hands of the fascists in response to a gigantic bluff on the part of the greatest dictator of them all. In many countries we see thousands of people who are striving to get away from fascism, who want to be allowed to enter the free democracies. An Austrian woman who was my guest yesterday told me that the actions of the leaders in the fascist countries did not break the spirits of the people as much as did the indifference of the democratic peoples like ourselves.

I feel that something has happened to the spirit of mankind when we can go about our daily tasks, even earnestly about the business of government, in days like this, unmoved by others' misery. As I said before, in despair we turn to things at home. I think it can be said that every hon. member of this house wants democracy in Canada. We want to save and perfect the democratic system, but I think we all realize that that cannot be done unless we solve the economic problems of the people. We must pass from a liberal democracy to a social democracy. In the last analysis a desperately driven people will be ready to give up liberty and freedom in search of economic security. As a matter of fact, there is no liberty and there is no freedom for a person who is absolutely destitute. We as members of the parliament of Canada must set ourselves resolutely to the task of solving the economic problems which face the Canadian people. I say in all seriousness that if we do not do this a harassed and bewildered and disillusioned people will turn from the democratic form of government to anything else that they think will give them economic security. In my opinion that other form of government will never be communism, but I think they are ready to consider some form of fascism unless we who are the guardians and trustees of democracy discharge well our duties.

If we really want to preserve democracy, and I believe we all do, we must be willing to forsake all artificial differences. We must be ready to acknowledge that up until now there have been artificial differences between members and parties in this house. We must be willing to get rid of them. It is true that in a democracy there must be free expression of opinion. The beauty of democracy is the fact that we are free to advocate different solutions to a problem. But surely we have reached the time when we should be willing to vote in support of that in which we believe. Surely we have reached the time when we should not be looking for either personal or party glorification in what we do. We should be willing to support the things in which we believe, no matter by whom they are suggested or by whom they are supported.

As I listened to the speeches delivered in the opening days of this session by the Leader of the Opposition (Mr. Manion), whom we all welcome again to this house, and the Prime Minister (Mr. Mackenzie King), I felt that there was danger in the fact that the people of Canada will believe the unkind things they said about each other and about each other's policies. That is exactly what has happened. When the terrible row between the Prime Minister and Mr. Hepburn was on —in my opinion it is still on—I heard many people in my constituency say, "Well, at least we are hearing some truth now"; that is, they thought each was telling the truth about the other. I say in all seriousness it is time we stopped political scrapping and settled down as honest people to find solutions for the problems which are besetting and wearing down the spirit of our Canadian people, because I think in Canada we cannot afford to lessen the confidence of the people in our members of parliament and public men and in our parliamentary institutions. In simpler days—and one can look back to seventeen years ago and regard them now as simpler days, when there were not the pressing problems we have to-day—there was an interest taken in the rough-and-tumble of political strife between the leaders and members of different political parties. Nobody minded that very much then. I think perhaps the country even took an interest in it, but I again say in all seriousness that that day is done.

When I heard the speeches of the first day or two at the opening of the session I thought: Can it be true that we must all session hear this drivel again? When you come from places where you see people who do not know what they are going to do to live, who have not houses, who have not clothes, who cannot educate their children, who do not know where the next meal is coming from, and then come here and see people with fine abilities—because I am not one of those who think that members of parliament have not ability; I think they have—use those fine abilities in a verbal battle over non-essentials, it seems to me nothing but a complete waste of time. If we are to save democracy the only kind of partisans we can afford from now on are partisans in favour of democracy, both political and economic.

There are only two subjects on which I shall speak, and the first is agriculture. I feel that we can do more towards solving unemployment and a great many of our other problems in Canada by restoring the purchasing power of the farmer than we can do by any other method. In Canada we have some 728,623 farms, and it is true of almost every farm family that they cannot buy the goods they need; and we have idle machines, unemployed workers, and a drift of rural youth to the cities and into white-collared jobs and into the professions, if that is possible.

Agriculture until now has been asked to buy in a protected market, and not only a protected market but a market restricted in many ways, and to sell in a non-protected market. Farmers have been asked to pay exorbitant prices for farm machinery. I am sure no other industry passing through such times as agriculture is experiencing would have been asked to pay such high prices and to stand such a high tariff on their implements of production. Farmers have been asked to pay high prices for the goods and services which they require, and the high prices which they had to pay were very largely the result of the regulating of supply to meet effective demand. And yet the farmer, because he had this mounting overhead, went on producing more and more goods without any consideration for the effective demand for his goods.

Farmers have been asked to pay high interest rates. Even the farm loan board—I am grateful to have it as it is, but it could be so much better—charges the farmers five per cent. That is too much, because agriculture cannot pay five per cent. Since I have been in this house the farmers in western Canada have been charged, by various discounting methods, rates as high as twelve per cent. Farmers have suffered very much from a tight money policy. During the last administration, when we could have benefited as Australia and New Zealand and the Argentine did by valuing the British pound at close to six dollars, it was quoted here at only $3.75, and that did very much to impoverish agriculture in Canada.

What immigrants we took in, and I think we ought now to consider very carefully taking in people from countries from which all sense of humanity has gone, agriculture in the last few years has been asked to absorb—not labour, not the professions, not business, but agriculture. The result is, and it need hardly be mentioned, that we have had such an overplus of agricultural products that prices have dropped lower and lower and for a period of years now our farmers have been selling their products below the cost of production. I notice that Mr. Robert Gardiner, at the convention of the United Farmers of Alberta, a few days ago, had this to say, and I am quoting from the *Western Farm Leader* of January 20, at page 2:

> It is time that the government and the people of Canada realize that they cannot forever expect that the primary producer will be content to continue to produce new wealth at a loss—a loss which means economic insecurity, hardship and debt for the farmer and his family.

All this, of course, has resulted in certain things. It has resulted in farm mortgages being a drug on the market; nobody wants to invest his money in a farm mortgage. Even farm buildings show the decadent agriculture we have to-day. You do not need to be able to read to know the present condition of agriculture. All you need to do is to drive along country roads and see the farm dwellings in need of repair, old buildings falling down, unpainted houses, houses where just the trim needs painting and even that not done; farm homes, the great majority of them, without the comforts and conveniences which even people of small means in the city think are essential. We see farmers working very hard and getting very little pay. We see farmers suffering for lack of medical and dental care. We see a vastly increasing number of cases of high blood pressure and heart disease among our agriculturists. This, Mr. Speaker, cannot go on forever. The farmers are rousing themselves again. They go into long sleeps, and they are now just emerging from one.

The farmer in Canada knows that there were thirty-three acts passed by the British parliament, during the last seven or eight years, having to do with agriculture and tending to raise the price of agricultural products, so that the British farmer did not have to sell below the cost of production. Our farmers see that the farmer in Britain gets $1.30 a bushel for his wheat, in France $1.50, in Italy $2, and in Germany $2.50; and the farmer in Canada, and certainly the farmer of Ontario, feels that something must be done about it.

[Miss Macphail.]

The first thing that must be done, and the only thing that the farmer can do for himself, is to organize farmers so completely that there will be one body that can speak for agriculture.

I hear farmers talking for the first time in favour of producing for a known market. They see that other countries which used to buy our farm products do not do so any longer. They regret that there are people in Canada who would like to buy cream and eggs, steaks, cereals, chickens—all the things that go to make up a good table—but who cannot afford them. I saw in the *Journal* of, I think, last night, that a man living at North Bay died of voluntary starvation in order that his wife and children might eat. That happened in this country, where we have such surpluses that we do not know what to do with them. But the farmer is coming to recognize the meaning of these great surpluses, and although he would like to see them consumed by needy people in urban places and the needy who are to be found sometimes in country places, he cannot afford to produce for nothing. He cannot afford to give the goods to the people who need them. So for the first time in his life the Ontario farmer, and I think I can say the Canadian farmer, is coming to the conclusion that what he must do is to produce goods for a known market; that is, to estimate how much the market will absorb and produce that much and no more.

An hon. MEMBER: What about crop failures?

Miss MACPHAIL: Well, the government can store some of the grain in the elevators in case of a crop failure, and not ask the farmer to do so. The government can conserve for future needs.

And so the farmers of Ontario and, indeed, the farmers of all Canada, first getting together in a great organization—and they are beginning to do so—will soon be coming to the Minister of Agriculture (Mr. Gardiner) and to the Prime Minister (Mr. Mackenzie King) and demanding marketing legislation which will give authority to the majority of a commodity group to bring the minority into line with their wishes, and they will demand a price which is equal to the cost of production, including wages to the farmer. It sounds revolutionary; but it is coming; it is almost here, and it will have to be followed by controlled production. It must give Conservatives some satisfaction when they think back to the Natural Products Marketing Act

and remember the opposition—the political opposition, if I may say so—that the Liberal party put up to that act. They did not want it, and the privy council of Great Britain—I shall not say for that reason, although it may have had a bearing—threw out the legislation and called it ultra vires. I wonder when we are coming to the time when we shall stop sending legislation to Great Britain to see whether or not—

Mr. STIRLING: The Supreme court threw it out here.

Miss MACPHAIL: Yes, in that instance both courts did so; nevertheless it was sent on to London.

There is no reason why other Canadians who for a long time have been gauging their production by the market should feel aggrieved or resentful because the farmer is coming to the conclusion that he too must do the same. Take the case of the farm implement firms, which between 1929 and 1933 curtailed production by eighty per cent because the farmer did not have the money to buy their products, and let their price drop by only six per cent. That is, they were not willing to go on producing for idealistic reasons, because the farmer needed machinery, as no doubt he did. They said, "We cannot afford to produce if we cannot sell; there is no effective demand, and therefore we must curtail production." A great many of our manufacturers do the same thing. They estimate how much they can sell; then they start their factories running to supply the market, and when they have supplied the market they close the factories.

Until now Canadian farmers have been reluctant to follow this example—not so reluctant to get marketing legislation or to obtain a price equal to the cost of production, but reluctant to consider the thing which must follow that, namely the control of production. Canadian farmers have not been reluctant to receive the better price for bacon in Great Britain which came as a result of the artificial setting of prices, nor have they been unwilling to crowd the Danish farmer off the market in Great Britain, although it has reduced him to a place where he has had to control production and allot production among the various hog producers in Denmark. There every farmer who produces hogs has what they call pig cards, and the total number of cards that is issued is equal to the number of hogs that may be produced. It is true that farmers can buy and sell the cards among themselves, but the total cannot increase. Nor indeed are we unfamiliar with this type of action on the part of farmers even in Ontario. The adjustment of the volume of production to the demand in a known market is carried out by milk producers. The whole-milk producers supplying our cities and towns are practically all working on a basis which regulates marketing and effects an indirect control of production, with each farmer supplying milk on a quota basis, and with a considerably lower price for that part of the supply which exceeds the quota. That is exactly what is done in Denmark in connection with hogs. Anybody who insists on producing more hogs than his quota gets exactly half price for them.

May I draw the attention of the federal government, in case they have missed it, to the Bracken conference which was held in Winnipeg? It seems to me it would have been more fitting if the federal government, which is concerned with agriculture all over Canada, had called that conference. I do, however, approve the action of Mr. Bracken in calling it. Everybody who attended that conference felt that in their discussion they got down to essentials, and that the farmer was talking about his own business in exactly the same way that business people —manufacturers and business men generally —have until now talked about their business. I believe that if we did something along the lines suggested at that conference—and I think we shall do it finally—it would so increase the purchasing power of the farmer as greatly to lessen unemployment, by starting the factories of Canada running again.

I notice that the same theme is dealt with in the issue of *Liberty* of February 4, 1939—it is a little bit ahead of the date, but I suppose we shall finally arrive there—in an editorial in which it says:

> Half of our nation looks to the land for support. Agriculture is the driving shaft of our national economic machine. So long as it remains broken, the machine cannot function. Once it is repaired, the nation as a whole will be on the highroad to recovery.
>
> I issue solemn warning to you business men of urban Canada: Your great industries cannot prosper permanently, nor will your unemployment problem ever be solved while this dislocation of the agricultural machine persists.

When the farmers can buy, urban Canada can sell.

There are some things which farmers can do for themselves, and these, I think, they are going to do. I believe that for the first time in many years farmers are interested in adult education. They are also very much interested in consumers' cooperation, believing that they will be able, as the years go by,

to buy together, to form their own wholesales and, finally, their own manufacturing plants. But that is all slow, very slow. Whether it will come fast enough to save the situation, I do not know.

There are two other things which I believe agricultural Ontario and all Canada want to see come from the federal government. One is a farm loans scheme which will give loans to young farmers at not more than three per cent and will not require the repayment of the loan in a short period but will allow it to run for any period up to, I suggest, thirty years. Many of the young farmers who come to the cities do not want to come; they want to stay on the farm, but they cannot. The present loan scheme requires them to have 50 per cent of the amount needed, in addition to some farm stock and implements. Unless the father is very well to do, that is more than a young farmer can manage. I am sure that as time goes on we shall have to offer farm loans in which the farmer will not have to put up more than 25 per cent, if so much, on which he pays only three per cent interest, and which run for a long period of years. Then the farmer wants, and as time goes on I believe will get, loans from the federal government, possibly passing through the provincial governments, for great cooperative enterprises in processing, almost debt free. There is no reason except prejudice to prevent the federal government from issuing money at a service rate.

For the rest of my time I should like to deal with the problem of youth. We ought to try for youth a plan that is many-sided and continuous, until we solve or come close to solving the problem. I connect with this the securing of farm prices that cover the cost of production. Then we could go on and do many other things. The problem facing youth to-day is, I am sure, distressing to everyone in this house. One step we can take to help them is to reduce the age for old age pensions from seventy to sixty-five, and later to sixty. I see no reason why that should not be done. It is not going to hurt a man of sixty-five not to work, particularly if he does not want to, and I imagine that when I reach that age I shall not want to work; I do not want to even now. But it does hurt youth not to work. The government should develop a youth program covering the whole field of Canadian economic life, not just one or two phases. And the Minister of Labour (Mr. Rogers) is well qualified to take charge of such a program.

We must admit that this is a difficult time for youth; not hopeless but certainly difficult. In my generation youth did not worry about a job. We worried about learning to do the kind of work we were preparing ourselves for; we worried about examinations, about a diploma, about apprenticeship, but not about finding a job. I recall, when I applied for my first job, just in order to be safe I applied for five and was accepted for all five. That was no compliment to me; it was merely that teachers were scarce.

Mr. MARTIN: No, it was special aptitude.

Miss MACPHAIL: No, they did not know me. Young people to-day would be very much surprised if, on applying for five jobs they were accepted for all five. It is more likely that when a young person applies for one job to-day, there will be a hundred other applicants—

Mr. DEPUTY SPEAKER: Order. I regret to interrupt, but the hon. member's time has expired.

Some hon. MEMBERS: Go on, by unanimous consent.

Mr. HEAPS: I do not think the hon. member has been speaking for more than half an hour. She started at twenty-five minutes to five.

Mr. DEPUTY SPEAKER: My information from the table is that the hon. member has spoken for over forty minutes.

Mr. HEAPS: All I can say is, the information is wrong.

Some hon. MEMBERS: Go ahead; unanimous consent.

Miss MACPHAIL: I thank the house. I am sure we are all interested, and certainly youth is not a partisan subject. The scheme of education in Canada should be changed. I regret that we have not a department of education in the federal government. Of course we cannot have it under present conditions, but I believe the system of education has had something to do with the youth problem. Too much we have thought of education as a means of preparing a child for an easier life. Too often parents say to a child, "I want you to go to school because I do not want you ever to have to work as hard as I had to." That is a mistake. It gets many people into alleys where they do not belong and are not happy. It leads to crowding in the white-collar jobs and professions, and to a dearth of well trained tradesmen and craftsmen.

School and life have been too much isolated from each other. Youth is kept in the academic world, even those who go only as

far as senior matriculation up to the age of twenty; then they are turned loose in the world of reality wholly unprepared to find their way around in that unfamiliar place. I do not think the problems of youth can be solved entirely apart from the social and economic problems of the country, but a carefully thought out youth program could do much. I commend the government for its youth training project; that is one thing which needed to be done, because it takes these young people who have no jobs or young people who want to work with their hands but do not know how to get into such work, and gives them an opportunity not only to work with their hands but to get training as well. No one who attended the meeting held in the railway committee room the other night could fail to realize the lift that not only the youth of Canada themselves but their instructors have been given by this training project. We so seldom see any real enthusiasm any more that it was a delight to feel the enthusiasm exhibited, although I must say one man from Ontario let his political enthusiasm run away with him.

There is much to be said for the youth training project. It is possibly only a beginning, only a stop-gap. It may be that a great many of these young people cannot be placed in jobs when they finish the training, but it is doing something, and it is constructive. And something constructive is so remarkable that one wants to praise it. I feel that the people of Ontario ought to bring such pressure to bear on the government of that province that they would be forced by public opinion to use the full allotment of money made available to them by the federal government. Last year I understand they used only 40 per cent, and this year they promise to use even less. Enough pressure should be brought to bear to induce even the Ontario government to cooperate with the dominion government.

Something else that could and should be done, possibly by the Department of Labour, since it has undertaken this first task, is to provide a general leisure time program for youth, unemployed and employed; youth who have more time than they can constructively use, who need physical exercise, need the happiness that comes from large numbers of youth being together. This should include gymnastics, singing, outdoor games, and at least something along the lines of handicrafts, art and dramatics. I was impressed by the picture we saw the other night of a mining camp in British Columbia. Those young men were happy together and were learning a great deal.

Since I am speaking on borrowed time I am not going to finish what I intended to say, but shall simply say that good as youth training projects and all these other things that we have been talking and thinking about are, they are not going to move fast enough to take care of all these 100,000 single unemployed, not all young, who are drifting around this country or being cared for in hostels at about ten cents a day for food, sometimes getting three meals a day and sometimes two. I cannot think of anything more terrible than the life of these drifters, going back and forth across Canada or cooped up in hostels. It is a great human wastage, and Canada cannot afford to waste 100,000 of her single unemployed.

If I had time I should like to develop that further, but in closing I shall simply say that I think we should set up camps on the order of the CCC camps in the United States. I do not think we would need to be ashamed of patterning them on the camps of another country, because they have had the experience which we could get only at great cost. I do not want military camps, but the CCC camps are not of that type. They are camps where the young men learn to work on the job. They receive lectures in relation to the work they are doing and are also offered general adult education. Almost every conceivable kind of development is offered them if they want to take it; and in addition, and perhaps more particularly, they are given good food, warm clothes and medical and dental care. They work eight hours a day, five days a week and are paid $30 a month, with from $22 to $25 going back to support their families. Instead of being weights on their families, they have become bread-winners, and the responsibility which many educators to-day claim is not a distinguishing feature of our youth has been developed.

Some other opportunity will offer itself to deal at greater length with this question, but I should like to say that I went through some of the hostels in Toronto just before I came to Ottawa to attend the session. After seeing the hopelessness on the faces of some of those men I should be surprised indeed if anyone could say they did not want to work. The men in charge say that about ten per cent of single unemployed are tubercular, and we know that delinquency is increasing rapidly. It has been said that recidivism among our prisoners now is up to about ninety per cent. They come out of gaol; they cannot find jobs, and therefore, possibly voluntarily, they commit another crime and return to prison. So, if we say we cannot afford to put these men into camps and train them, we do not count the cost we already bear for feeding them, for treatment of the tubercular, for crime and for all sorts of institutions in which a great many of

them finally land. I entreat hon. members of this house to think over this problem of youth and see if we cannot do something that will touch many more than are being affected by the youth training plan, good as it is.

Mr. F. D. MacKENZIE (Neepawa): Mr. Speaker, there are some comments I should like to make during this debate on the address in reply to the speech from the throne. Before going on with my remarks may I join with those who have already spoken in congratulating the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address and in expressing my appreciation of the visit which King George and Queen Elizabeth will make to Canada this year. I should like also to congratulate the two new ministers upon their appointment to cabinet positions.

I am most surprised, Mr. Speaker, to find myself in agreement with many observations made by the last speaker. Has the hon. member for Grey-Bruce (Miss Macphail) changed during the recess, or have I?

For a moment or two I should like to deal with the question of wheat. Canada is the largest wheat exporting country in the world and, as such, has felt the full force of the world wheat situation. The prairie provinces in particular have had to face extremely difficult conditions resulting from such adverse international situations as have arisen from time to time since 1929-30. The whole matter was thoroughly surveyed in a four-day conference called by Premier Bracken in Winnipeg last December. At that time it was considered that the outlook was none too promising, and if a satisfactory solution is reached it will be only by utilizing the best brains obtainable, working in conjunction with favourable natural forces and an improved international situation.

In the east I have often been asked why the western farmers did not switch from the growing of wheat to other types of farming. Sometimes the suggestion is advanced that certain shifts might be made in cropping and production practices in the prairie provinces. Let us assume that such shifts are possible; what new problems would arise in respect to markets? What would be the effect of such shifts in agriculture upon the west, upon Ontario and Quebec and upon Canada generally? I understand that this wheat problem will be brought up in the house at a later date, and probably this is one of the issues that will be discussed. In order to show what disastrous effects a sweeping change from wheat growing to dairying would have, taking that as an example, I have several tables of figures concerning the quality production of butter in all the provinces of Canada, showing by provinces the awards which have been won at the leading Canadian exhibitions. To those who are unfamiliar with the situation these figures may be startling, and they will be of great help in assisting hon. members to visualize the seriousness of the situation, especially for Ontario and Quebec, if there should be any extensive shift from wheat growing to dairying over a wide area in the prairie provinces.

I have here a summary of the percentage of first prizes won by each province exhibiting butter at the ten leading exhibitions of Canada in 1938. The figures indicate that in that year the percentage of first prizes won by Manitoba was 57·6 per cent; Saskatchewan, 2·8 per cent; Alberta, 35·2 per cent; Ontario, 2 per cent; British Columbia, 2·4 per cent. With respect to the percentage of all prizes for 1938, the figure for Manitoba was 44·6 per cent; for Saskatchewan, 2 per cent; for Alberta, 47·4 per cent; for Ontario 4·1 per cent; for Quebec, ·5 per cent, and for British Columbia, 1·4 per cent. This indicates a total percentage of first prizes for the three prairie provinces of 95·6 per cent, and a total percentage of all prizes of 94 per cent.

I might call attention also to the large number of prizes won at Canadian exhibitions by the Gladstone creamery. I have figures here which tell the story of the success of a young man named Paxton, who took over the Gladstone creamery in 1930, and whose achievements since then, right through the depression, are among the most remarkable that have come to my attention. Before I sit down to-day I hope to tell hon. members of some other stories of success on the part of young men in this country even during these hard times, over which the Cooperative Commonwealth Federation, and the Conservatives are weeping so much in this house.

The speech from the throne shows that the government is aware of the situation that exists at the present time and is prepared to deal with it. I remember saying to the people on the night of the election in 1935 that Canada's problems could be solved, not with ease and not by governments alone, but only by the cooperation and assistance of both governments and people. What a happy day it would be for Canada if all could work together for the common good, the employer and the employee, the merchant and the farmer and, in parliament, the government and

the opposition. What a step forward it would be if this could be accomplished in parliament. What do we find here? We see the government doing what they can, always subject to criticism, fair and otherwise; and never, so far as I can remember, a practical, constructive suggestion offered except, if I may say so, from the hon. member for Vancouver South (Mr. Green) last night and the hon. member who preceded me to-day. To me the whole thing seems so silly that one wonders why it has lasted so long.

At a later point in my remarks I wish to make some observations with regard to unemployment, and when the special items come up for debate I hope to take further part in that discussion. But I should like to say a word now with regard to youth training, to supplement what has been said this afternoon. I find that we can agree on at least some of these things. The Minister of Labour (Mr. Rogers) and the government deserve a word of commendation for what has been done, and I am glad to see that this work is to be considerably extended. I have watched with interest and satisfaction the progress made, and have taken some slight share in this work in my own province. I have visited and have seen the operation of forestry camps and rural training, both in schools in home making for girls, and in agricultural classes for boys, physical training classes, and urban vocational schools for both boys and girls. There is a great work being done in all those lines. If industry will cooperate I believe the way is pointed through this program to the solution of the present youth problem, and especially if expansion takes place as it is needed. So well is the work going on in my province of Manitoba that I am satisfied much of it can be put on a permanent basis, irrespective of how long the present situation lasts and of whether the dominion continues to assist and direct.

Home-cooking and agricultural schools, and athletic and gymnastic classes will always be of value, as will urban vocational schools, which should be made to serve the country as well as the city. The farm of to-day is to a large extent mechanized, and will be more so in the future. Therefore I say the vocational schools should be made accessible to the smaller towns and rural communities. I think these projects might point the way to the solution of the youth problem. After having seen boys' agricultural schools at work in Neepawa and Shoal Lake, girls' schools in home-making at Minnedosa and Gladstone, the fine work being done and the high type of youth doing it, and after having seen a number of the youth who left those schools a year ago; the fine type of youth who have worked in preparing themselves for instructors, and those who have already organized classes in local centres such as Carberry and elsewhere, with favourable results, one seems justified in the expectations I have voiced.

I was struck by a remark made by Mr. Elliott, of the youth instructors' staff in Alberta, at a meeting called by the Minister of Labour. I believe Mr. Elliott has charge of placing boys in farm homes, something which could be done with good effect in all agricultural provinces. It seems the procedure is to bring a boy and a farmer together—a boy who has no work, and a farmer who is willing to take the boy, if he is physically and morally sound, and give him a home and training. Mr. Elliott said a boy twenty-two years of age came to him to be placed. He asked the boy what he would like to do, and the boy replied he did not know, because he had never had a chance to try. Mr. Elliott implied, as much by his manner as by what he said, that the trouble lay somewhere else than where it actually did lie—right with the boy himself, his family, his school and the community in which he lived. If my memory serves me correctly, that boy was placed with a farmer near at hand.

Who is to blame if such a boy had not been working in that place years before? Is it necessary to start a movement away down here in a department of government at Ottawa, and is it necessary to set up a special staff and expend large sums of money in order to show a town boy in Alberta or in any other province that he can get work and training with a neighbouring farmer? But that is what is being done. Is it not absurd? Where is the spirit of the pioneer? Self-help is lacking throughout Canada. Whole communities are looking to some government to give them a hand-out. The youth in the cities of the west, but only in the cities, are in that position.

Ours is an agricultural economy. It is in that line of work which most of our people are needed. But they are looking for white-collar jobs, and the boys themselves are not altogether to blame. They are the product of the homes, schools and communities. So far the tendency of all of these is to educate away from hard labour into dependency rather than into a state of independence. In that regard I agree with the hon. member who preceded me in the debate.

It would be to every city boy's lasting advantage to spend at least a year with a

good farmer, obliged to do the work done by the farm boy, so that he could gradually learn responsibility in his work. The boy in the town or city of to-day has no responsibility in the home. He has no chores to do, no wood to cut and to carry in and no water to carry from the town pump. In this day of a higher standard of living our work is done for us, and as a result our youth suffer. They will continue to suffer until we are prepared to bring about a different state of affairs.

Passing through Winnipeg I was told about a young chap who was down on his luck and who for months had been trying to get work, but with no success. He travelled to Vancouver and back, but could find no work. I wonder what kind of work he was looking for. Had he asked any farmer for a job? I am sure I could have placed him. I know that during harvest and threshing time I visited in two days five different outfits who were running short-handed; they could not get men. I know farmers were asking me at different times if I knew of any men in the country who would work.

Let me tell about another young man. I believe he came from Ireland at the beginning of the depression. He did not know anything about farming, and had no friends in Canada. He came to Manitoba and began working with a farmer, although he knew nothing about farming when he began. Although he has been in Canada for nine years he has never paid board, because when he could not get money for working he would work for his board with a farmer. Last summer that boy had $1,500 in dominion government bonds, besides some cash in the bank. That is not bad for a depression period, is it? It is not bad for a boy who did not know anything about Canadian farm life. Why cannot our boys do that?

In the spring of 1936 I was travelling by train from Dauphin towards Swan River, and I noticed a boy sitting across the aisle from me. He was such a fine looking chap that I went over and sat beside him and entered into conversation. Upon being asked where he was going, he replied that he was going to take a position on a farm near Swan River. But when he was asked from what relief camp he had come, I never saw a boy or anybody else so insulted. He said, "I would not work in a relief camp." Judging from his conversation that he was English, I asked him how long he had been in the country and he replied that he had come direct from London, England, and had never been outside that city until he came to Canada. He had never been out of work one day in Canada, and that included the depression period. He said that no boy in Canada needs to be out of work. I say the same thing, so far as the boys in my own province are concerned. Those are two instances to offset those which have been described by other hon. members.

Two years ago I asked a number of farmers in my constituency if they would take boys into their homes to teach them the work of the farm. Of course, it was understood that these boys would be healthy, both in mind and in body. In every instance they agreed. The right kind of boy would have been given a home as good as he could find anywhere. But the farmer also has his difficulties. He must contend not only with poor crops and low prices, but with the hired man. That is one reason why so many of our farmers are buying tractors and doing without men. I am sure that this situation has been made much worse by the institution of direct relief.

Last year and in previous years I visited some of the CCC camps in the United States, as far south as Alabama. I found much good work being done, that is in comparison to the boys not having anything to do. The boys were disciplined, fed and clothed by the army, and this was done very well. They worked on projects at varying distances from the camps, and if the distances warranted, they were driven to their work. The hours of labour were not long and a moderate wage was paid. I interviewed citizens in communities close to some of these camps, and the invariable opinion expressed was that of all PWA projects the CCC camps were the least objectionable.

At the beginning of this year I spent some days before the session opened at Dearborn, Michigan, where I had an opportunity of viewing first hand some of the experiments being carried on by Mr. Ford. I saw the technical schools operated in connection with the River Rouge plant. I saw the system of schools, from primary classes to second year college, known as the Edison institute in Greenfield village. I saw the schools conducted for the workers of various plants located outside Detroit. I think there are some thirty towns in which small plants have been located under Mr. Ford's decentralization plan. There was also a summer farm project being carried on at Dearborn. This was in the form of a cooperative scheme of gardening and marketing. This project had the effect of turning the minds of a number of boys, some of them the sons of professional men, into the direction of farming, and they were being so placed.

Is there a lesson for Canada in any of these schemes? I say unhesitatingly that the

forestry camps in Manitoba are run just as well as the CCC camps in the United States which I had the privilege of visiting. I believe the discipline in our camps is more effective and permanent in character, especially for Anglo-Saxons, in that it is not military. It may be that city boys find the work in these camps somewhat difficult, but I do not think the work is too difficult for the average farm boy. I tried out an experiment myself. I interceded to have a farm boy placed in one of these camps in order to satisfy myself that the work was not too hard. This boy was accustomed to the regular farm routine. He was used to rising at five o'clock in the morning and continuing with the hard work of the farm until it was finished at night. That boy did not stay more than three weeks in the forestry camp. He did not tell me himself why he had left, but I learned from his father that his reason for leaving was the fact that they could not keep him busy. He found it hard to wait until eight o'clock before starting work, and he could not lie around in the evening without having anything to do. So he just left and went home.

Mr. Ford's many youth projects offer a lesson to our Canadian industrial leaders, if not to the government. Would that some of them would take a leaf from his book for the good of Canadian youth. I am satisfied that if industry will give full co-operation to the training projects instituted by the dominion Department of Labour, and developed with the cooperation of the provincial departments of education and labour to a point where they are past the experimental stage, the way will be pointed to a solution of the so-called youth problem. The projects are now on a proven practical basis and need only the cooperation of industry to put them over the top.

There is no doubt that times are difficult, but much of the trouble lies with people, especially with those of us in the cities who seem to have lost the old pioneering spirit. I was surprised to find so much flabbiness of muscle, mind and will among the youth of the large cities. I have met many splendid examples of the opposite type, but mostly in the country. I think the existence of the flabby type of youth is due to the attitude to be found in our homes and in some of our schools, to such defeatist speeches as we hear in this house from the opposition benches, and to certain articles in the press. We cannot blame the youth themselves. You do not hear this sort of talk from the boys on the farm who are kept busy at their daily toil. This continuous wail of defeatism and despair is responsible for the aggravation of the whole problem. It is unworthy of men who should be offering constructive suggestions and assistance rather than adopting blockading tactics and trying to destroy the morale of the nation.

What would we think of parliamentarians and publicists who attempted to act in war time as some are acting now? They would be considered, and rightly so, to be rotters and traitors. There can be testing moments in peace times just as in times of war. The man who serves his country in times of peace is as worthy of honour as he who serves in times of war. There seems to be a remnant of belief in this house, according to what I have heard expressed here, that patriotism means wearing a uniform in times of war. It means nothing of the sort. Patriotism means getting out and fighting a common enemy, whether in peace or war. Right now the enemy at our gate requires the best efforts of all in and out of parliament in order to bring about its defeat. To me the unreality of this chamber sometimes makes Snow White and the Seven Dwarfs stark realism by comparison. Is it too much to ask that we in this house should become patriotic for a change and join in a common cause against a common enemy? I should not wonder but that the cabinet would welcome cooperation in the great task that lies ahead.

Imagine the effect upon the country! No doubt the amazement at seeing all the forces of parliament working as one unit would so shock the people that they would be forced into doing something for themselves. The old term used to be "self-help", but I hesitate to use it in modern economic society lest I be ridiculed. Imagine the whole people doing something for themselves! Why, the battle would be won in no time. I want to congratulate the government and the Minister of Labour upon the expanded youth program. If we could get back that doing-something-for-themselves mental attitude, that spirit of self-help, especially in the minds of those who inhabit our larger cities, the government program would not matter very much even though it were ten times expanded. I am coming to the conclusion that we have reached the stage in our development where our largest cities will have to be decentralized.

What of other depressions in Canada? I can well remember three or four of them, none of them so long continued as this, I admit, but in none did state relief function. Take the early nineties. Business and industry were then more stagnant than between 1930

and 1935. The boys of Ontario were trekking to the United States for jobs. Farm prices and conditions were worse than they are to-day. I heard the now Senator Marshall describing for a great audience back in 1911, in the Fort William rink, just how bad farm conditions were on Ontario farms in those days. And I shall never forget his classic phrasing in his final summing up of the desperate economic conditions on the farm as he concluded, "And raising hogs did not pay for the wear and tear on the swill-pails." There was no state relief then, no state charity. And did anyone starve in Canada? Neighbourly and community kindness took care of the situation. The same is true of the 1911-1914 depression. There was no state relief then, and neighbourly and community kindness again took care of the situation.

Again, in 1921, did anyone in Canada starve? Not until this relief racket started in 1930 did things get out of hand, with state charity to the *n*th degree. And what has become of neighbourhood kindness and charity, community kindness and care for its neighbours? Just what one would expect. When the state is taking the responsibility, let it do it; that is the attitude, and by the very nature of things it could not be otherwise. There are many reasons for this, both psychological and governmental.

When the state takes on the job of relief, you are told, in order to help officials function: Send the needy to the town hall or municipal office or chief of police. When an army of professional and unprofessional social and relief workers is established as an adjunct of government, we are prepared to let them handle the job—a situation that is likely not only to prolong the problem indefinitely, but also by all the laws of human relationships likely to harden human relations in the body politic. Is not that just what is happening under our eyes to-day? When state charity comes in, human neighbourliness goes out.

Not only is that true in the matter of relief; it is terribly true in the matter of old age pensions. I am in a position to know and see, over a considerable area, a difference to-day as compared with the time before old age pensions came into effect in Canada. I am in a position to note the widespread growth of callousness and the neglect of parents on the part of many sons and daughters who are in a position to care for their own. But state charity comes in, and out go even the decencies of fine family relationships. State charity will kill even family relationships, and I commend this thought to those conscientious leaders in our Christian ministry who are honestly searching for "the shape of things to come." Human nature just "can't take it," unless fortified by more than economic security. National charity in form only will destroy the fine, real family and neighbourhood care and consideration which we once knew.

May I leave this thought with the house? If anyone wants the answer to socialism, let him look at the change that is taking place in men's and women's thinking of their family obligations since old age pensions were established, and at the change in community thinking as to their obligations since national government relief was instituted. This I know is only one side of the question, but it is a side about which something must be said and done.

If I have a few more minutes, Mr. Speaker, I should like to refer to something that was said in the debate about price and wage fixing in New Zealand, which the hon. member for Rosetown-Biggar (Mr. Coldwell) looked upon favourably. I can give you another opinion upon it, to place in juxtaposition with that of the hon. member for Rosetown-Biggar. It is an authoritative statement just to hand, taken from the monthly bulletin of the National Bank of Australasia, dated December 9, 1938, page 16 which contains the following material in its "New Zealand Letter." I think it is just as well to put this on the record beside the opinion of the hon. member for Rosetown-Biggar. It is headed "Difficulties Ahead" and reads:

> In the last few weeks members of the government have frankly admitted that the financial and economic outlook is causing them some anxiety. In a speech in Christchurch on November 26, the Minister for Industries and Commerce, the Hon. D. G. Sullivan, after referring to the drain on the London funds of the New Zealand banks, warned his hearers that the next year or so would see the government engaged in an "economic and financial battle of very great intensity." Discussing the same subject a few days previously, the Prime Minister said that it had become necessary for New Zealand both to import less and to increase primary and secondary production. At the same time he announced that a committee of the cabinet was investigating the possibility of increasing industrial production in New Zealand.
>
> So far, there has been nothing more definite than this; and a detailed statement of the government's intentions is being awaited with some anxiety by the business community, which has begun to suspect that drastic alterations in the New Zealand economy are under contemplation.
>
> It can be assumed that the government has two immediate objects in view. One is to divert labour and capital away from public works into more immediately productive forms of enterprise. According to the latest figures, there are now nearly 25,000 men employed on public works; and it is obvious that this is affecting the labour supply for farming and

for several branches of secondary production. The government's second object is to check the decline in London funds; and it can be assumed that the restriction of importing necessary for this purpose will also be the basis of a scheme for a permanent expansion of secondary production.

The covering letter enclosing this material contains this short paragraph:

During the last ten years we have been assured that our salvation is to come from copying Russia, the Scandinavian countries, the United States under the New Deal, and the fascist countries. Mr. Hepburn has gone to Australia now to find out how they do it, and Mr. Coldwell is all in favour of New Zealand. I wonder why no one tries Liberia. That is the finest example in the world of a nation which prefers self-containment and poverty to participating in modern civilization.

I have another statement taken from *The Dominion*, a daily newspaper of Wellington, New Zealand. I shall read only a short paragraph for the record, to be read in juxtaposition with the statements made by the hon. member for Rosetown-Biggar:

With reference to the question of "insulation," Mr. Savage in to-day's *Dominion* states "Unless we have some control over our overseas trade we just cannot protect ourselves." With all due respect to Mr. Savage and his ideals I venture to suggest that what we New Zealanders really require is "more control over ourselves" and less prejudice against traditions of purely British origin that made New Zealand what she is. Mr. Savage refers to the fact that "the price of butter in the London market has fallen heavily in recent weeks, but the income of the dairy farmer suffers no longer from falling overseas prices." At whose expense, Mr. Savage? With butter selling retail in London for 1s. 2d. a pound compared to 1s. 7d. in New Zealand the favoured treatment is a charge on the consumer, who is not only a victim of the guaranteed price but owing to reduced consumption his household is being deprived of the essential vitamin D for which there is no substitute. Admittedly the dairy farmer is assured of a fixed price, but with butter at 1s 7d. a pound in New Zealand retail sales are dropping and the health of the community is suffering in consequence. There is a difference between the two temporal blessings—health and money: "Money is the most envied but the least enjoyed; health the most enjoyed but the least envied."

The guaranteed price is falling heavily on the consumer and as we are not piling up armaments in the dominion there is surely no excuse for New Zealanders contributing an enormous amount yearly in the form of food taxes.

I have other clippings here which show how the farmers over there view price fixing. More than sixty-five per cent voted against the government when they introduced this price fixing scheme.

Mr. SPEAKER: Order. The hon. member has exhausted his time to speak.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. H. B. McKINNON (Kenora-Rainy River): I wish to associate myself with previous speakers in this debate in congratulating the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address. They both made excellent speeches, and I am sure that the entire house, irrespective of party, enjoyed them as much as I did. I should like also to congratulate our two new cabinet ministers, one of them from Ontario (Mr. McLarty) and the other from Alberta (Mr. MacKinnon). These are men whom we have known quite intimately during the last few years in the house, and I feel sure that the house appreciates their ability and is certain that they will achieve success in the high offices to which they have been appointed. I should also like to congratulate the leader of the official opposition (Mr. Manion) upon his election as head of the Conservative party, that party which has had so much to do with the history of our country. The hon. leader of the opposition comes from the same part of Ontario as I do, and I assure him that the people there feel highly honoured that a man from that part of the country should be chosen to lead that party. I voice the opinion of all the people of northern Ontario in wishing him every success in leading his party—of course in opposition.

In rising to speak so late in the first debate of this session, I feel that I may be very brief in my remarks, and still serve the purpose which I have in mind. Much has already been said on both sides of the house on those problems of the day with which Canada is faced, and while naturally I do not agree with all the views that have been advanced, it is not with any desire to engage in argument that I now rise. Rather what I have in mind is that at the outset of a very important session the people in my riding have a right to expect their representative to call to the attention of parliament those matters which might most affect them. That duty I now wish to perform.

In common with all other members of the house I want to express my gratification at the proposed visit of Their Majesties the King and Queen to Canada this year. This royal visit is something to which all Canadians, without distinction, will look forward with pleasure and loyal interest. The people in my constituency, many of them at least, hope to have an opportunity of seeing the royal couple, even if only for a brief time. Kenora-Rainy River forms a bottle neck through which travellers and commerce alike

must pass to move between east and west, and its location is particularly fortunate in connection with the royal visit, because the riding must necessarily be one through which their majesties will pass. Nowhere in the country will the royal visitors be able to see scenery superior to that afforded by the Lake of the Woods district, nor would a sightseeing journey across Canada be complete without seeing that district. Moreover, Kenora-Rainy River will present as typical a view of the economic life of the great north country of Ontario as can be seen anywhere in this province.

I do not propose at this time to launch into a discussion of the troubled state of international affairs, but I do feel called upon to say a word in support of the attitude of the government in the crisis of last September. Perhaps more than ever we realized then that Canada is but a small factor in the concerns of nations with many times our population, but the issue of peace or war is a vital one for our people. The suffering imposed by armed conflict is relatively as acute in a nation of eleven million people as in one of one hundred million. I feel that we Canadians have much to thank our government for. In those tense days of September we could not settle the affairs of Europe, but any lack of caution on our part, any unwise utterance, might possibly have been the spark to light the powder. The government, at the risk of being misunderstood, remained silent, and by remaining silent earned some of the credit for the avoidance of a horrible war. There are other horrors in the world, such as poverty and unemployment, but they cannot be placed alongside war in a comparison of horrors.

Yet the government is not content to trust to chance in defence matters. We may all hope that war will continue to be avoided, but if it is not we must be at least partly prepared to protect our country. From this point of view I welcome the increase in the vote proposed for the defence of Canada. We must be ready to resist greed and aggression, and now is the time to prepare. We are not increasing our armaments against any country; we are only taking necessary steps that the armaments which others will pile up in any case cannot be used successfully against us.

I am confident that the trade agreement concluded with the United States by the present government shortly after coming into office helped employment and trade generally since that agreement came into operation. I therefore feel optimistic that the new trade agreement now entered into will even further expand our trade with our neighbouring republic. These agreements would have been desirable at any time, but with many of our former good customers abroad now unable or unwilling to buy as large a share as formerly of the products that Canada has for sale, increased trade on the north American continent is a godsend for us. Until the European situation changes for the better we must hope to expand our trade with Great Britain and the United States in order to help those industries here which depend on trading outside Canada. I speak from somewhat intimate knowledge of this subject because railroading is a very important industry in our district, and decreased sales of wheat, for example, or similar crops, hit our workers directly. Whatever makes trade move, helps our railroads and helps my riding. Employment conditions in Canada have been adversely affected not only by our own troubles but by unsettled conditions abroad. I am glad that the government has not waited for the clearing of the air, so to speak, in international affairs, to give to trade and employment the upswing which is so badly needed.

The housing legislation, special measures for youth training, assistance to the provinces for road construction, and other similar steps, have all been a help in providing much needed work. As a member of this house I am fully prepared to support the government in every future step which they may have in mind to provide more work of this kind. The foreign trade policy of the government, as I have said, has been a big help to us; but unfortunately there is a limit in these days to what we can expect along those lines. Support by any feasible steps to the construction industry, the mining industry, logging and pulp and paper, is very necessary. Kenora-Rainy River is more and more pushing to the front in the mining industry, and whatever the government can do by building roads or by any other steps to help the mining industry will help the people of my riding and will help one of the greatest industries we have in Canada. Assistance to the provinces for road construction is something else that we are very much interested in. We need the work provided by construction, and we need the roads after completion. When road construction is stimulated, it is a case of doing two good deeds at the one time.

As for the forestry industry, much reforestation work could be carried out in northern Ontario, including my own district. Here again, while we might have in mind the employment that this work would give, we should also keep in mind the future of Canada and the shrinkage of products from the forest unless much more is done to replace what is burnt and what is cut. Just this year quite a section of our district was robbed of

valuable forest resources by fire. Lives were endangered and resources eaten up. In addition to clearing the way for the growth of young trees, much profitable work by fire prevention measures could be undertaken.

One cannot sit in this house for four years without understanding the problems with which the ministry is always faced. There is the financial problem; there are constitutional difficulties. None the less there are two considerations that have to be borne in mind in order to be fair to the people of this country. The first is that when normal employment is not sufficient to take care of our people, we must be ready, in order to provide a large volume of much needed work, to take measures that would not be taken at other times. In the second place we must not let financial consideration stand too much in the way when certain undertakings would perhaps pay large dividends to the people of Canada at some future date on an expenditure which would probably be less to-day than if the work were delayed. It is from the point of view of these two considerations that for my part I intend to look upon the legislation that we may be called upon to deal with at this session.

When speaking previously in this house I expressed my steadfast support of the principle of unemployment insurance. It is unfortunate that before now the way has not been cleared to proceed with a measure of that kind, but I do hope that a system of unemployment insurance may grow out of the work of the royal commission on dominion-provincial relations. If we had started unemployment insurance in pre-depression years, we would have been much better off during the last decade; we would have had a great deal of money accumulated to assist in meeting the cost of unemployment. Even now, and more particularly after the experience we have had, most of us will agree that eventually we must have a system of this kind, and the sooner the better.

In opening my remarks I said I intended to be brief, and consequently I shall not take up any more of the time of the house. I may summarize my remarks by saying that my support can always be relied upon for any reasonable measure which has the object of giving jobs to many of our people at this time.

Mr. A. A. BROWN (Hamilton East): Mr. Speaker, I should like to congratulate the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the motion before the house upon the way in which they performed what must have been a most difficult task. While I did not agree with his facts and deductions, I did admire the splendid bilingual accomplishments of the hon. member for Stormont (Mr. Chevrier), and I regret very much that in my early days I did not apply myself more assiduously to the study of the French language. I must also express my deep satisfaction at the coming visit of their majesties to this country, and I hope and trust that their visit will stimulate the loyalty of all Canadians not only to the crown but to Canada as well.

It is generally agreed that this government was extremely fortunate in being returned to office under conditions probably more favourable than those under which any other government has been returned since confederation. It was elected with a record majority, as hon. members to the right of Mr. Speaker often remind us. In addition, in all provinces but one there were governments of the same political complexion. During the campaign the electors were encouraged to believe that the provincial governments, in cooperation with the federal government, would vigorously and courageously attack the economic and political problems of this country; but as we scrutinize the activities of the government during the three years it has been in office, we find it has made little or no effort to deal with those problems. It has made no attempt to deal with the railway problem, which is costing the taxpayers of Canada about a million dollars a week. It has made no effort to deal with the heavy burden of taxation which is bankrupting our municipalities and provinces, choking our industries and discouraging the investment of capital. No effort has been made to deal permanently with the unemployment problem, which should not exist in a land so rich in natural resources. No leadership is being offered to weld this country into the unified force which is necessary for the permanent peace and prosperity of Canada. Rather do we find the government ignoring these serious problems and following a policy of inaction which is creating a spirit of unrest throughout the whole dominion.

Not only was this government elected under the most favourable conditions; it was extremely fortunate in following the former Conservative administration under the leadership of the former Prime Minister (Mr. Bennett), who did the spade work in meeting the problems of the depression. It was the legislation enacted by the late administration that formed the basis for the bulk of the depression legislation under which this government has carried on for the last three years. Many of us have short memories, so I think it would be well to put on *Hansard* some of the outstanding measures placed on the statute books by the late administration, most of

which were later nullified in whole or in part by the actions of the present government. The late Conservative administration was responsible for acts dealing with unemployment and social insurance, minimum wages, the eight hour day, the day of rest, fair wages and so on; for measures dealing with special farm loans and loans to fishermen; for acts providing for the rehabilitation of drought and soil drifting areas in Manitoba, Saskatchewan and Alberta; for special relief measures; for an act to assist in the construction of houses and, finally, for a measure putting teeth in the Combines Investigation Act. And it was the former administration which negotiated the empire trade agreements, which turned out to be the financial salvation of Canada, but which many members of the present government opposed vigorously. The previous government took definite steps to preserve Canadian markets for Canadian workmen, agriculturists and employers of labour, and when this government took office employment was increasing, trade was expanding and Canada had a favourable trade balance amounting to many millions of dollars. At that time it did appear that this country was well on its way to recovery and prosperity.

Perhaps it would be well to check briefly the record of the present government which was elected to office in October, 1935, under such favourable conditions. In the speech from the throne in 1936 the government stated that Canada's most urgent national problem was unemployment. Parliament was advised that the government had concluded a treaty with the United States which was to break up that economic nationalism which was said to be undermining our standard of living. Parliament was further advised that the government intended to refer the social legislation to the Supreme Court of Canada for a ruling as to its validity.

There is no doubt the government was and is convinced that the negotiation of the Canada-United States treaty of 1935 was its outstanding achievement. Members of the government waxed quite enthusiastic and eloquent about the benefits which Canada would derive from this great treaty. It was going to expand the trade of the country; it was going to provide wider markets and raise the standard of living. It was going to reduce unemployment and enable our farmers to obtain a fair price for their products. We, the members of the opposition, pointed out that the disadvantages outweighed the advantages and that the advantages gained by our farmers would be only temporary. We pointed out that the employers of labour and the workers of the country would suffer from the mass production and unfair competition of United States manufacturers. We pointed out further that the farmers would neglect their stable market in Great Britain for the unstable market of the United States. We pointed out that under ordinary conditions the United States was a great producer and exporter of agricultural products, and that instead of importing farm products it would be a competitor of our farmers in foreign markets. We pointed out the experience of Canada with the United States under former treaties, the distress caused the farmers of Canada by the cancellation of the reciprocity treaty of 1866, by the imposition of the Fordney-McCumber tariff and later by the Hawley-Smoot tariff of 1930. We further pointed out the loss which would be entailed by our railway and transportation systems if we engaged in trade north and south at the expense of trade east and west.

We are now in a position to say that the extravagant claims of the government were not realized, and that the predictions of hon. members on this side of the house came true. Unemployment was not banished; the farmers did neglect the British market, and I believe it was the hon. member for Grey-Bruce (Miss Macphail) who rose in her place in the house last session and protested to the government because there were not proper shipping facilities to ship cattle to the British market. The reason given and accepted was that the farmers had stopped shipping cattle to Great Britain and were shipping them to the more convenient markets of the United States. As a result ships which were ordinarily used for such traffic were converted to other uses.

In the second session of this parliament we were reminded by the government that Canada was rapidly forging her way back to recovery and prosperity; that markets were expanding, revenues were increasing, unemployment was decreasing and the wages and purchasing power of the workers and farmers were on the increase. In the speech from the throne we were advised that negotiations were being continued for a three-way treaty between the United States, Canada and Great Britain, which would confirm and enlarge the advantages gained by Canada through the treaty of 1935. A minister of the government pointed out that some industries would necessarily have to make some sacrifices for the general good of the country. The protracted negotiations and untimely utterances by members of the government did much more to slow up industry and increase unemployment than anything else.

Again we read from the speech from the throne that parliament will be asked to approve the Canada-United States treaty which will retain and confirm the advantages derived from the treaty of 1935; that reductions in taxation on trade will be made, and that the government will take over a further share of the burden of relief. In this fourth, and possibly the last speech from the throne before a general election, we would naturally expect to find legislation of a kind which would provide some permanent solution for at least some of our problems. But instead of that we find the same policy of inaction, except that the government has promised to take over the greater part of the relief burden —and that will possibly be only for a short time.

The speech from the throne announces the completion of the Canada-United States treaty, which completion the government hopes will cover all its sins of omission and commission. It is not my intention to-night to deal with the treaty in detail, but I should like to say a few words about the method of its negotiation. There is no question that representatives of Canada were handicapped in negotiating the treaty. The United States representatives had authority to reduce duties by only 50 per cent, and since their rate of duty was at almost the highest peak in the history of the country it was impossible in many instances to receive reciprocal consideration.

The government of the United States consulted all parties whose interests would be affected by the treaty; they permitted representations to be made by the interested parties, and in some instances adjustments were made. On the other hand our government consulted neither the manufacturers and labour organizations nor the agriculturists. The United States, with its population of 110,000,000 people, was exceedingly careful to protect its markets by quotas and restrictions, while Canada, unlike the United States and practically every other nation of the world, took no such precaution.

It has been said in the house that there is very little opposition to the treaty; but I have not found, even in the house, an enthusiastic supporter of the agreement. The support has been qualified, with certain conditions mentioned. It is true that from time to time the treaty has been given faint praise by some manufacturers and some prominent financial men; but the true test of feeling in regard to a treaty of this kind is the manner in which employment is affected.

Have the employers of labour made plans to increase their staffs? Have the labour organizations gone on record in favour of the treaty? Have the farmers, fruit growers and vegetable growers sent their approval of the treaty to the government? No. To obtain a further test I am suggesting that hon. members should turn to the financial page of their favourite newspaper, and note particularly whether industrial or other stocks have reacted favourably since the completion of the treaty arrangements was announced.

Even members of the government admit they are not sure what benefits the Canadian people will derive from the treaty, but they are hoping Canada will benefit to a great extent. I say the government has no right to gamble away the livelihood of fellow-Canadians on pious hopes.

The speech from the throne indicated further that the government intends to assume a larger share of the relief burden of the municipalities. The government should have taken this action long ago when it was advocated by the mayors' association of Canada. This action should have been taken before municipal debts had accumulated to their present volume. This burden upon real estate is one of the main reasons for the lack of prosperity in the building industry, regardless of the amount of cheap money that is available.

When this parliament convened in 1936, according to the government unemployment was Canada's most urgent national problem. Three years have elapsed and unemployment is still Canada's most urgent national problem, although this government by its inaction does not seem to be aware of the fact. The mayor, the civic administration and the citizens of Hamilton know that unemployment is still Canada's most urgent national problem. Hamilton has one of the best civic administrations in the dominion. Its population is over 150,000 people, and it is situated in one of the largest fruit and vegetable growing districts in the dominion. It is the second largest industrial city in Canada. As I have said before in this house, there is no city in Canada that is more sensitive to the fluctuations of the tariff. It is this uncertainty about the tariff and these new trade treaties that is the cause of a great deal of unemployment in Hamilton to-day. The other day a prominent manufacturer told me that since this government came into office he has found it impossible to plan the activities of his industry for any considerable time ahead. We all know that this is necessary in any business. The manufacturers advise me also that the interpretation of the acts dealing with the importation of certain goods is generally not in favour of the manufacturer.

Since this government came into office in 1935 Hamilton has spent $2,257,152 on relief. In the year ended December 31, 1937, that city spent $329,979 upon 11,201 individuals. In the year ended December 31, 1938, it spent $649,089 upon 17,055 individuals, an increase of 6,254 in the number of individuals on relief. I am informed that during the first two months of this year 370 more families, not individuals, have gone on relief. I should like to inquire from the government what action is being taken to provide work, not relief, for these individuals.

The speech from the throne states further that there is to be a thorough tax revision and that reductions in the taxes on trade are to be made. I believe that such action will prove most injurious to our manufacturing industries, and the repercussions cannot help but be felt in the primary industries. I feel certain that this action will add considerably to our unemployment problem. The government states that these reductions will increase the purchasing power of our people, but for the life of me I cannot see the benefit in increasing their purchasing power when that purchasing power is to be used in making purchases, not in Canada, but outside this dominion. Surely there are taxes other than the tariff which could be reduced with more benefit to the country. The tariff is the only tax that produces both revenue and employment. Why should Canada, which imposes duties lower than those of any other country—24·9 per cent on dutiable goods and 13·7 per cent on all goods—contemplate lowering the tariff still further? Why should we have thrown upon our markets goods made by cheap foreign labour? Why should United States goods be dumped on our market at ridiculously low prices, thus throwing Canadian workmen out of employment?

I should like to ask the western farmer particularly to try to understand the problem of the industrial centres. Evidently he believes that the central provinces are the proverbial land of milk and honey. I should like to point out to him that just as the drought in western Canada causes distress, hunger and poverty, so does a reduction in tariff beyond reasonable limits cause distress, hunger and poverty in industrial Canada.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, at the outset of my remarks let me say sincerely that it was not primarily my intention to speak in this debate. I believe, however, that this debate offers an open and very fine forum where all members of parliament find it possible to voice the opinions of their own sections of the country. A number of fine speeches have been delivered since the beginning of this session, and in many instances some of the problems facing Canada have been brought forward in a forcible manner.

Before I proceed any further, I want to do as other hon. members have done. It is with all sincerity that I compliment the newly elected member for Brandon (Mr. Matthews) upon his wonderful speech, his poise and his profound knowledge of public life. He is certainly a wonderful asset to this house and to parliament.

I should like to compliment highly the hon. member for Stormont (Mr. Chevrier) who has shown in this instance and several times previously how well he is seized of the situation in his own constituency. He has demonstrated to this house how familiar he is with regional and national problems. To those of us of French descent he has proven to be a wonderful inspiration in showing us how perfectly he has mastered the two official languages of Canada. His accomplishment should be an incentive not only to French Canadians in Quebec, but to all of French descent throughout Canada. They should make it their obligation and their pleasure to learn the English language. Of all the compliments that have been paid to the hon. member, none pleased me more than those which came from the English speaking sections of this house. Hon. members were unanimous in their praise of the accomplishments of the hon. member, and I was glad to hear them say that if it were possible they would try to learn the language of the minority. That is one of the finest declarations I have heard in this House of Commons in the past thirteen years, and I think it speaks well for the future unity of this country and of the mutual respect between the two great races that form the majority of its population.

I should also like to pay a well deserved compliment to the newly elected member for Waterloo South (Mr. Homuth) upon the eloquence and ability he displayed in his speech this afternoon. We know he has received a very fine training in the provincial field. It is not my intention; indeed, I feel that it is against the ethics of the house, to criticize a speech made by a new member, and therefore, with reference to the remark he made this afternoon that he represented the interests of the east, I content myself with saying that I am perfectly satisfied to represent in this house the problems not only of my own constituency but of Canada as a whole, not as an easterner or a westerner, but as a Canadian.

I was very glad to see the Minister of Finance (Mr. Dunning) occupying his old seat in the house again this session, and it was fine to see the unanimity with which the newspapers of the country greeted his return to public life. Regardless of their political leanings they were unanimous in appreciating the fine work that has been accomplished by the Minister of Finance in the present government and in wishing him a speedy and permanent recovery to health and his full activities again.

May I also pay tribute to the newly elected leader of the opposition (Mr. Manion), particularly because he is to some extent a northern Ontario man. It is true that during the last federal elections northern Ontario did not find it possible to give him a seat; but that sort of thing must be expected in public life, and while I cannot say that I very warmly wish that he will find a seat in our section of the country, I am glad that he is a northern Ontario man.

I should also like to congratulate the newly appointed members of the cabinet, the new Postmaster General (Mr. McLarty) and the minister without portfolio (Mr. MacKinnon). By their personal ability and the grasp they have shown of public questions not only have they earned a place in the cabinet, but I am sure they will make a success in their new field. I should also like to pay tribute to the previous Postmaster General (Mr. Elliott), and undoubtedly his successor has a big task ahead of him because the former Postmaster General was a true Canadian, an able statesman, and a good minister, and administrator.

I should like to say a few words about the visit of the king and queen to Canada in the spring. It is undoubtedly a great honour that they are bestowing on this section of the empire in visiting Canada, and we appreciate it very much. But the people in my part of the country were, to put it mildly, not a little disappointed when the itinerary of their majesties' visit was given out and it was stated that it would not be possible for the king and queen to visit our section of northern Ontario. I mention the matter here in the house, and I have already spoken to the right hon. the Prime Minister (Mr. Mackenzie King), explaining to him that logically we might well expect a visit from their majesties to our section of the country, because of our geographical situation and because of the fact that in that section more progress has been made in the last thirty years than in any other part of Canada. In addition, we have good railway facilities, the best on the continent, and I do hope it will be found possible for our royal visitors, on their return from the Pacific coast, to visit Kapuskasing, Cochrane, the Porcupine, Kirkland Lake, and also our agricultural and industrial section of northern Ontario. It is a country that has been blessed by Providence, a country with great natural resources now being intensively developed, and our pioneer population of nearly four hundred thousand has been engaged for many years now in pushing back the frontiers of Canada. It has not been an easy task. They have had to fight all the way through. Anyone who studies the economic history of this dominion must realize that during the last eight years the development of the natural resources of northern Ontario has been a wonderful factor in combating the depression. I have already shown to the Prime Minister how it would be possible, without occasioning any delay or lengthening the route of our royal visitors, for them to spend a very few moments with our people of northern Ontario, and perhaps northern Quebec, on their return trip to the east.

I have only a very few words to say about the amendment moved by the leader of the opposition. It is absolutely impossible for me to support it because it is simply a negative.

I very much appreciated the speech that was made this afternoon by the hon. member for Grey-Bruce (Miss Macphail), and I should like to compliment both her and the hon. member for the Yukon (Mrs. Black) upon the wonderful speeches they have made during the present debate. Their speeches were constructive and carried more weight than some of the rabid partisan speeches to which we sometimes listen in the House of Commons.

The opposition has been harping on what it calls this do-nothing government. So far the opposition has been only bitterly critical without offering anything constructive. It is hard for me to understand the attitude of the loyal opposition, particularly when I recall that they were in power from 1930 to 1935, and that one of their first acts after being returned to power in 1930 was to call an emergency session of parliament for the purpose of creating one of the worst institutions Canada has ever known, namely, direct relief. The then Prime Minister (Mr. Bennett) won the election in 1930 by telling the country he would cure unemployment. Then he called an emergency session of parliament to do what? To cure unemployment? No, to make it worse—to make parliament vote twenty million dollars, and then he instituted direct relief, a system of doles.

It was much easier for the government of that day to institute direct relief than it is to uproot the system at the present time. It is often said that democracy is on trial; that is true, and it is true particularly because of the rash promises that were made by hon. gentlemen opposite during the elections and again during the present session. They were going to solve unemployment. Canada was going to blast its way into the markets of the world. But, Mr. Speaker, when we consider what the late government did so far as unemployment is concerned, it ill behooves the present opposition to criticize the government. We are fully seized of the actual situation, and it is the implicit duty of every member of this house to bend his or her energies to abolish direct relief and to give work.

I was surprised to hear some members of the opposition state that we opposed them very bitterly during the time they were in office. I well remember that in 1935 we were accused by the late lamented Sir George Perley, who was at the time leading the government in the absence of the then Prime Minister, for not opposing the government enough. I well remember, too, that the present leader of the opposition, then sitting on the treasury benches as Minister of Railways, accused the opposition on several occasions for not opposing the government sufficiently. Surely that is an evidence that we were giving the government the fullest cooperation possible, in an endeavour to cure a serious situation which is not only national but world-wide.

I ask you, Mr. Speaker, has there been anything constructive in the criticism of the opposition since this debate began? Is there anything constructive in the amendment of the leader of the opposition? No, absolutely not. I sat on the opposition benches for a good many years, and I never made a political speech. Why? Because as a member of parliament I was fully seized of the seriousness of the situation that was facing this country, and the responsibility and duties of my position.

As soon as the present leader of the opposition was elected leader of his party, he made several speeches in different parts of this country, as it was his right and duty to do, and one of the first policies that he propounded was that it was an obligation upon the federal government to make unemployment a matter of federal concern only.

I am absolutely open-minded, Mr. Speaker, in my discussion of unemployment because, representing as I do a district that is largely concerned with mining, industrial development and agriculture, I am fully seized of the unemployment question and some of the sufferings that it causes. It is true that we have some unemployment at the present time, and there is not a single Canadian worthy of the name who does not at the bottom of his heart want to see this ulcer of unemployment, which is eating into the life of our country, removed. But the problem is not easy of solution. While it is a national problem, it is also an individual problem for which every Canadian is just as directly responsible as any government or any member of the government. We must go down to the valley and play the game with the people; we must see and endeavour to find out and learn the causes of this problem of unemployment and ways of solving it. It is surprising to hear such statements as those, for instance, by the hon. member for Vancouver East (Mr. MacInnis), who seems to think that the individual member of parliament is not fully seized of such a situation as exists in his constituency with regard to unemployment. We are aware of it, and deplore it, and whether we sit on the treasury benches or in the opposition, all hon. members try to the limit of their abilities and powers to remove this evil from our national life.

I believe that a similar statement was made by the leader of the opposition on one occasion only, namely in Montreal, and that ever since he has been mute upon the subject. If I thought for one moment that to make the unemployment question purely and simply a national and federal matter would solve it, I would be willing that it should be done, and done at once. But that would not provide an absolute and permanent solution; the problem is harder than that to solve. Primarily the responsibility rests on the individual Canadian citizen; second, on the townships and municipalities; third, on the provinces and also on the federal government; but all must equally share the responsibility. You cannot get away from that. We are all fully alive to the situation; all of us have given thought to try to solve it. Only a few days ago I was speaking with a curate in northern Ontario, and he said, "Why do you not solve the unemployment situation the same as they do in Germany, for instance, or in Italy, or in Russia?" This was my answer, "Are the Canadian people at the present time in a mood to have the unemployment and youth problem solved in the same way in which it is being handled in those totalitarian states—to see the youth of this country regimented in the same way as they are in Russia or Germany or Italy, where they get two or three cents a day, and where they are compelled under

severe discipline to do work which perhaps they do not like or are not fit to do?" The Canadian people are not in a mood for regimentation, although there is no avoiding the fact that as a democracy we are in need of more discipline. I remember that a short time ago the Canadian corps association passed a resolution which, if acted upon, would, they thought, help to a great extent to solve the youth problem in this country. They suggested that it would be possible to "regiment," in the mild sense of the word, the youth of this country, putting them in some sort of camp, not barracks, where they could be looked after and given suitable training and education. Yet immediately there were unfavourable reactions from nearly every section of Canada. While we should not copy what has been done in the totalitarian states, if we are to find a solution of this problem there must be a little more of the spirit of self-sacrifice and self-discipline.

During the present discussion references have been made to disunity in this country. Let us consider for a moment a point which I had in mind in speaking of the unemployment situation, namely, the disunity within certain parties in the house. The Social Credit party, for all of whose members I have a high respect, have their own difficulties; they had to throw out one of their own members, if he did not go of his own volition into the Cooperative Commonwealth Federation corner. We find that the Cooperative Commonwealth Federation party were rather abusive last year to one of their members who drew out from their ranks, and that the same thing happened to several of their members in Vancouver, British Columbia, and also in Toronto, whom they forcibly threw out of their fold. We have recently seen a spectacle of disunity in the great Conservative party, both provincially and federally. At the same time all these groups capitalize very highly and rejoice over the disunity which they find in this dominion. What is to be said of the attitude of Premier Duplessis as regards the problem of unemployed youth? If Mr. Duplessis thought for one moment that we intended to make unemployment an exclusively federal question, he would realize that it would be one of the finest ways to centre all economic activities under this government, and he would be one of the first to protest. If we were able to solve the present unemployment situation by really making it a national and federal responsibility, I would be absolutely in favour of doing so. But what would happen? You would immediately have a reaction, and rightly so, through the expenditures made by the federal treasury in all centres of this country, requiring the federal government to take charge of practically all economic activities within the provinces, and then you would hear more "hollering" and criticism from the municipalities and, in particular, from some of the men who have been most outspoken on this subject of disunity. Such a policy will be centralization under federal authority with a vengeance!

Let it not be thought for a moment that any member of this government, when he goes before his constituents or leaves the four walls of this house, tries to unload his responsibilities on the shoulders of others, or is not trying to the uttermost to find a solution of this problem.

A word about national unity. Our friends on the other side seem firmly to believe, and perhaps want to believe, that we have disunity in this country. I belong to a section in northern Ontario where, only twenty-five years ago, some people were speaking very seriously of seceding from old Ontario. I know I shall be believed when I state that this agitation was never deep and never serious, and I always fought against such an idea. Later on, as the country developed, we had a Conservative government at Toronto. At that time some of the farmers and miners in the mining section of northern Ontario, because they did not get all the roads and attention they expected from Queen's Park, as it was called then and as we call it now, or because they did not obtain all the colonization and highways roads they wanted, started to talk about secession, like a bunch of young school boys, because, as has been very properly said, man is just a grown-up boy. But these things were absolutely superficial. In those days the Liberals in a good many instances were guilty of starting that kind of agitation, never believing at the bottom of their hearts that they wanted to secede from old Ontario. At the present time, now we have a Liberal government at Queen's Park, some Conservatives have begun to argue that we should secede. Hon. members need not worry about that kind of thing. Northern Ontario will never secede from southern Ontario or from the Canadian confederation.

Let us review very briefly the situation in the various provinces. It is true that to the Rowell commission were presented several briefs which were explicit and definite in their requests of and intended raids on the federal government. But if one studies those briefs one will find that for the most part it is a case of "ganging up" on the federal treasury to obtain more money. Take the money question away and you have no disunity in this country. I am not a married man—unluckily.

I will admit—but I am told that a little family spat sometimes is good for family life, and I should not like to see our national life so placid that we would have no right to discuss our provincial, regional and national problems without talk of disruption and disunity. Is there any real disruption in British Columbia? No; there is none whatever. Is there any real disruption in Alberta? No, there is none there. If some of the regulations put forward by my friends of the social credit party have been disallowed by the higher courts in this country, it was simply because they were against the statutes of Canada, because in many instances they amounted to confiscation or repudiation; only for those reasons were they disallowed. It was not a question of being unfair to Alberta. While I am speaking of that fine province, now they are in power there with a large majority my hon. friends know how hard it is to apply the policies—I will not say the fallacies—of their own party.

Let us turn to the provincial governments of Saskatchewan and Manitoba. Those two fine provinces as well as Alberta have suffered grievously in the past six or seven years on account of the drought. The situation so far as agriculture is concerned has been very bad, and when the people suffer they are bound to make requests not only in the provincial but in the federal forum. But does anyone believe for one moment that for those reasons Alberta, Saskatchewan and Manitoba will secede from the Canadian confederation?

Or take the case of my own province of adoption, the dear old province of Ontario. Does anyone think for one moment that Ontario, the keystone of confederation, will secede from our confederation? No, Mr. Speaker, it will not. It is true we may have some differences, which constitute only a natural development, and during these troublous times the overwhelming majority of the Ontario people are absolutely behind this great confederation and ready to do all they can in a spirit of give and take, cooperation and understanding, to bring prosperity to every section of Canada.

In regard to my native province of Quebec, I realize that for the last few years there has been a propounding of new theories with which I am not in sympathy, far from it, but I tell hon. members that most of the stories of agitation from the fine old province of Quebec relate to the activities of an infinitesimal minority. Take, for instance, those who want to have a French Canada within a Laurentian boundary; they know well that they are not logical with themselves, their own people, or the Canadian people as a whole. That movement does not go very deep. There is talk of fascism, and I have no more love for fascism or nazism than I have for communism, but these movements also have no very deep roots in Quebec. The people who for the last four centuries have colonized both shores of the St. Lawrence and are now colonizing and opening up for civilization the unoccupied lands of this country would never seriously think of secession from the Canadian confederation.

But we have some grievances, and we have problems to face at the present time. One which has been a heavy burden on this country for the last seven or eight years is that of unemployment caused by a new factor that was non-existent previously. Sometimes we hear from the hon. member for Kootenay East (Mr. Stevens) particularly and from some other hon. members that in the past when large numbers of immigrants were coming to this country, it was only like filling a bottomless pail, and some of our native population were lost to the United States. There was reason for some of my relations going to the New England states and to California, and no matter what the situation was in Canada these people would never have come back to live in our midst. In most instances the same principle applies in regard to the hundreds of thousands who left Canada for the United States. It is nevertheless true that this heavy emigration was a national loss to Canada in times past, and we all deplored it. But for the last few years that emigration has not been possible. Thus we have to face a new situation. Our natural increase in population has to find means of life in our midst. This is one of the problems that Ontario, and more particularly Quebec, have to face at the present time. But it will never be solved by agitation or talk of secession, which, I repeat, is superficial. In the old provinces there is very little leeway left for colonization; in the western provinces only a few open spaces are left, and there is more left in British Columbia. We must of necessity put our heads together to find ways and means of keeping in this country the natural increase in our population, and giving our people the standard of living to which they are accustomed.

Let us study for a moment the talk of secession in the maritime provinces, those fine old provinces of which we hear so often, and with good reason, that have given so many fine men to the public life of this country, and whose sons have made their mark in every state of the American union and

Canada. Do hon. members think for a moment that the maritime provinces, which made some sacrifices to come into confederation, would secede from Canada? No, they will not. I am positive it would have proved most beneficial had all the provinces found it possible to bring their grievances before the Rowell commission, because we must have mutual understanding of one another's problems, and all parts must have opportunity to express their sentiments. But there was never a thought in the minds of the people who presented the most rabid briefs and tried to make the greatest raids on the federal treasury, or even made the most rash requests, of seceding if they thought their requests would not be implemented. But it is easier to disrupt than to keep united. It is our bounden duty in this federal house to take a national viewpoint. We have one primary duty when a question threatening disunity is mentioned; that is, to work in every way to maintain unity in every section of the country, and in this work of upbuilding we must always give the best there is in us.

I shall not enlarge much longer at this time on the question of unemployment, although I may say a few words later in regard to its relationship to the agricultural aspect. It is impossible to find some one simple formula to cure unemployment. It will not be cured by reform of the monetary system only; agricultural loans only will not cure it; reduction of tariffs alone will not do it; the problem is more complicated than that. If it were possible, for instance, for the Minister of Finance (Mr. Dunning) to start the printing press, issue to-morrow billions of dollars of new Canadian money, distribute it to every section of the country and say, go ahead with a program of public works, the problem would have been solved long ago. But I repeat, no simple formula or abundance of criticism will solve the problem of unemployment.

As far as the subamendment is concerned I confess it is not so rabidly socialistic as in previous years. I must give credit to the hon. member for Vancouver East for the fact that it is very brief and entirely non-committal, it is neither fish nor flesh; anyone could vote for or against it, and it would be absolutely harmless. But a few days ago the hon. member for Winnipeg North Centre (Mr. Woodsworth) put a question to the Minister of Justice (Mr. Lapointe), asking him whether, after all that had been said by the leader of the opposition in this house, it would be possible for him or his party to propound their theories in the province of Quebec—something of that kind. I am not now interested directly in the province of Quebec, but I know the mood and temperament of the people. I know there was no necessity to ask such a question. Although the communists have done all they could to bring the Cooperative Commonwealth Federation into their fold, the federation have resisted the temptation so far although in two ridings at the last federal election they were so close together in Timiskaming and Nipissing that they had the same electoral organization.

Mr. COLDWELL: Not with the consent of the Cooperative Commonwealth Federation.

Mr. BRADETTE: Perhaps, I repeat that it is to your credit that you have kept free of them, although the pressure has been so strong from the other side. At the same time a thing that surprises me most is the strong sympathy you show for the communistic ideal.

Mr. COLDWELL: In a public statement in Saskatchewan last week, Walter Wiggins, secretary of the communist party, called for a united front behind the present Prime Minister of this country.

Mr. McLEAN (Melfort): And your Saskatchewan leader asked them to unite behind the hon. member for Winnipeg North Centre.

Mr. COLDWELL: Oh, no.

Mr. BRADETTE: I repeat that there was no necessity for the hon. member for Winnipeg North Centre to ask that question of the Minister of Justice, and in that way to try to show the province of Quebec in an improper light. The hon. member for Rosetown-Biggar (Mr. Coldwell) and the members of his party, and, as far as that goes, everyone else, so long as they remain within the law of this country, would be as free in the province of Quebec as in any other province of the Canadian federation. Although I am not absolutely in full agreement with the padlock law because it does not go far enough in some particulars, I do say that if our communist friends believed that Russia is such a wonderful earthly paradise, I would be in favour of passing a law immediately to deport them and ask them to go and live in that country. To the Cooperative Commonwealth Federation I can say that I am just as liberal-minded as they are. I have been a labour organizer, and I have good labour support in my section. When there is a strike I stay with the workers and know what happens, and speaking as a labour man I say the communistic party is boring within the labour ranks Trying to solve the problems

of Canadian labour? Oh, no, trying to aggravate them, trying to sabotage Canadian industry and get the virus of communism running rampant in the factories and industries of this dominion. I repeat to my friends of the Cooperative Commonwealth Federation that when they pose as champions of the communistic ideal, they must of necessity carry some responsibility for the things for which that party stands. And these are things which are absolutely foreign to our Canadian thought.

When you are dealing with Russia and communism you are constantly driven to metaphors; it is like a vast looking-glass where all "values" are inverted. When they are ready and willing to destroy the liberty of the individual for the sake of the state; when they are ready—and they have done it—to destroy religion in all its forms because they call it the opiate of the people; when they are willing to destroy the intelligentsia of a country; when they want to work from within towards revolution—I see some members on the other side laughing, but see what has happened in Russia. An infinitesimal minority has brought that country to where it is to-day. I do not intend to say that things were good in Russia prior to the present regime, and as far as I am concerned it is absolutely up to the Russians to have the kind of government they wish to have. But at the same time the communist or bolshevik party in Russia, before they were able even to prove that their theories were applicable to their own nation, made it a religion to spread those theories throughout the world. They were not satisfied to impose them on the Russian people only; they wanted to spread them throughout the civilized world. They have sent missionaries and apostles over here to try to scuttle our labour organizations, to poison the food in our labour camps and to destroy the machinery in our mining camps.

I know whereof I speak in connection with this matter, and if I display some sign of emotion it is because one night they rushed me when I was attempting to shame the English and French-speaking Canadians who were being run and led, as far as labour organizations in this country were concerned, by people who did not even want to be naturalized. Those people, who told me I should call everybody "comrade," tried to rush me off the platform; some of them were only a few feet from me. So I say to the Cooperative Commonwealth Federation party: I want to believe that you are sincere; I have seen you in action in this House of Commons, and I have great respect for the two leaders of your party, though I do not agree with the principles of socialism. But would it be possible for people from Canada, labour men or average Canadians, to go to Russia to-morrow and try to agitate against the Russian government? What would their lives be worth? They would not be worth a cent; they would hang by a thread. We must beware of revolution.

This is the sort of thing we hear in Canada, under those British institutions which have come to us through centuries of fighting and bloodshed. We have freedom of religion, thought and action. We seem to think we can sit complacently by and take no action on these matters; we seem to think we are absolutely immune in this regard, but we are not. The moment you give a viper a chance to sting you, death follows. Give typhoid a chance to spread into every section of this country and fifty per cent of our population will disappear within a year. Should we be tolerant of disease, immorality and venomous serpents such as those I have mentioned? As far as I am concerned I say, no. We have our Canadian constitution and our parliamentary system. We must uphold with all our might these cherished institutions. It is not perfection, and I have no desire to uphold some of the shortcomings of the democracies, or even of our system of parliamentary government. But surely we know in our own hearts that our system is much to be preferred to what they have in Russia, Germany or Italy. If I speak again with feeling, it is because in my own soul and conscience I have suffered when I have seen fine, upright Canadians fooled into joining these new institutions or organizations, about which they knew nothing. Before they were aware of it they were not leaders at all, but were receiving the sticks and stones which were supposed to be aimed at the heads of the so-called leaders.

I should like to mention just one or two matters with regard to the international situation. I am very glad indeed that it is not within my power to know all the secrets of international diplomacy, because we all feel that the situation is deplorable, and I might find the burden unbearable. Only twenty years after the close of the war that was supposed to end all wars we find that all the so-called civilized nations of the world are ready to jump at one another again like ferocious animals. I am no prophet; I have no power to tear away the veil that hides the future of the civilized world, but it is easy to visualize what would happen if we had a world war again. It would be the doom of civilization as we know it. Our civilization

would be set back at least two hundred years; such a war would create anarchy and untold misery, and that must be avoided by our activity and our prayers. Mankind is never greater than when it kneels before its God and Creator, and it should be possible to have such fervent prayers that the leaders of the nations of the world may find it possible to settle their troubles without calling on the flower of their mankind and womankind to be sacrificed and butchered, not on the field of honour but on the field of blood and mud, and all the miseries known to mankind.

These are things which make everyone tremble. How I appreciate the statesmanlike attitude that was adopted by the leader of this government only a few months ago; and when I make that statement I am voicing the sentiments of every one of my constituents. The Prime Minister (Mr. Mackenzie King) was fully seized with the gravity of the situation, and how his heart must have been troubled when he thought of the horrible holocaust that might have been started at any time during that period of tension last fall, when the fate of the whole world was hanging on the actions of two or three men. And here I must compliment most sincerely the present leader of the opposition (Mr. Manion) upon the admirable attitude he adopted during that time of stress. He was more than a politician then; he was a statesman, when he said he was in agreement with the Prime Minister of Canada. The same might be said with regard to the social credit group, who showed themselves to be men of vision in a time of crisis and fully aware of the situation. I should like to believe that my friends of the Cooperative Commonwealth Confederation party felt the same way, but they have always been turbulent and to all appearances antagonistic to peace, and even during the present session they have been twitting and tantalizing the government in regard to its external policy, and have even said during this discussion that the pact of Munich was a fiasco.

Let me say, Mr. Speaker, that the pact of Munich was not a fiasco; it was a triumph of statesmanship on the part of the leaders of Great Britain and France, and the whole world should be thankful to Mr. Chamberlain. More than that, Munich gave an opportunity to the fine German people—because there are many fine people left in Germany; the majority of them are—to cheer Mr. Chamberlain, when they well knew he was not on a mission of war but bent on a mission of peace. They cheered Mr. Chamberlain because the German fathers and mothers and their sons and daughters knew that war would be just as horrible for Germany and Italy as it would be for France and Great Britain. They were cheering because they knew there was still hope, under Christianity and for the preservation of our civilization as we know it, for peace in this world. My hon. friends of the Cooperative Commonwealth Federation party should be sincere with themselves, and I am going to ask them a question. Suppose for a moment that at the time of the crisis a Labour government had been in power in England and Mr. Attlee had been prime minister and had taken the same steps at Munich. Would they not have been the first to praise him for his vision and foresight? I know they are all men of peace, as we all are. I know they are in favour of self-defence, and I know they will never willingly allow civilized countries to be down-trodden. That is why I am all the more astonished at their attitude on this matter.

Let us briefly review what reasons we might have had last fall to fight against Germany in defence of Czechoslovakia. The natural protector of that nation was Russia. Was she ready to act? Assuredly not. It was impossible for France to fly over Germany and Poland to defend Czechoslovakia. Was it possible for Great Britain to offer any direct relief? Both France and Great Britain have always upheld the principle of justice to minorities, and no one can get away from the fact that in Czechoslovakia there was a German minority that wanted to get away from the tutelage of that country.

Mr. SPEAKER: Order. The hon. gentleman's time is up.

Mr. BRADETTE: I just want to conclude with a few words.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: With the unanimous consent of the house.

Mr. BRADETTE: I thank hon. members most sincerely, and in conclusion I want to repeat that in this house we have a great responsibility. There is more than an election to think of, though if I should be remiss in my duties as a member of parliament I want my own constituents to be my judge and jury.

But as I have said before, regardless of what happens at the next general election, whether it is this year or next year, would it not be wonderful if we could find it possible to put our heads together to work out a solution of our pressing problems? Criticism is necessary; opposition is also necessary, but it should be constructive criticism and constructive opposition. It should then be

possible to face the future of this country with the knowledge that we shall have unity in our constructive activities, that our work will be fruitful in accomplishments and results, and that we shall find it possible, to a very large extent, to solve the problems that are so important as far as the youth and, indeed, all citizens of this country are concerned, for a better, greater and more prosperous Canada.

Mr. W. F. RICKARD (Durham): Mr. Speaker, I should like to make a few observations on the speech from the throne. I can assure the house they will be short, and I shall simply state facts because I believe that already a great deal of time has been wasted. May I join with other hon. members in congratulating the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply. Their speeches were a credit not only to themselves but to the constituencies they represent. Also I should like to add my word of commendation of the appointment to the cabinet of the hon. member for Essex West (Mr. McLarty) and the hon. member for Edmonton West (Mr. MacKinnon). I am sure both hon. members will add much prestige and dignity to the positions they occupy. I am sure I voice the sentiment of hon. members on both sides of the house when I say we are sorry indeed that on account of ill health the hon. member for Middlesex West (Mr. Elliott) had to relinquish his position as Postmaster General. As one of the new members who came to the house in 1935, I should like first of all personally to thank the retiring Postmaster General and his staff for the splendid cooperation they have given.

May I add also on behalf of the people of the constituency of Durham our appreciation of the visit of Their Majesties King George and Queen Elizabeth. Although they cannot personally visit the only town in Canada where radium is made, I hope they will pass through the town of Port Hope on their way west. I am sure their visit will add much towards cementing the ties of friendship between Canada and her neighbour, as well as ties of friendship with other countries of the world.

May I congratulate the leader of the opposition (Mr. Manion) upon his election as leader of the Conservative party. I am not personally acquainted with the hon. member, but I believe he was brought up in the Liberal fold, and no doubt will do a good job as leader of the Conservative party.

Being a farmer I am perhaps more interested in trade agreements and their effect upon agriculture than in any other single item. We have listened to many hon. members on both sides of the house who state they are farmers. I cannot see why there should be so much difference of opinion among them, when they are all selling the same articles in the same markets of the world. I agree with the hon. member for Haldimand (Mr. Senn) that both federal and provincial governments have done a great deal towards educating the farmer to produce economically and efficiently. But the main thing is to sell our products to advantage, after we have been educated to grow them. That is where this government has done most for the farmers, through its trade agreements. Surely no one directly interested in agriculture will say that if we had not had the United States market in the past three years we would have received more for our cattle and hogs. On the contrary we scarcely would have been able to sell them.

Among the concessions which have been gained for agriculture in Canada one of major importance is a further reduction in the duty on cattle of 700 pounds or more, and an increase in the quota. Under their tariff act of 1930 the United States established a duty of three cents per pound, but under the trade agreement of 1935 this was reduced to two cents, the number of cattle not to exceed 155,799 head. The duty is now further reduced to one and one-half cents per pound, and the quota is raised to 225,000. The new agreement also stipulates that not more than 60,000 heavy cattle can be sold in any one quarter. I believe this is a good clause. Also there will be 100,000 calves up to two hundred pounds allowed into the United States market at a reduced rate of one and one-half cents per pound. Dairy cows are allowed to enter the United States in any quantity at a duty of one and one-half cents per pound.

The new agreement reduces the duty on hogs to one cent per pound, and on pork to one and one-half cents per pound. The duty on milk has been reduced to three and one-quarter cents per gallon, and the duty on cream from thirty-five cents to a little over twenty-eight cents per gallon, but the quota of 1,500,000 gallons remains the same. Cheddar cheese and poultry, potatoes and many other commodities are mentioned. Surely no one will say that the treaty is not to the advantage of the Canadian farmer. I should like to place on *Hansard* figures which I do not believe have been placed there before, showing the number of cattle and other commodities we were allowed to ship and the percentage we did ship.

	Total of quota	Used by Canada 1938 Per cent to December 3	1937 Per cent to November 27
Cattle, 700 pounds or more.. .. ..head	155,799	45·7	Quota filled
Calves, less than 175 pounds.. .. ..head	51,933	73·4	Quota filled
Dairy cows.. .. ..head	20,000	33·2	30·2
Cream.. .. ..gallons	1,500,000	0·34	8·6
Seed potatoes.. .. ..bushels	750,000	99·4	99·6
Lumber.. .. ..feet board measure	250,000,000	62·4	52·6

Receipts from Canada of seed potatoes amounted to 745,497 bushels or, as the table shows, 99·4 per cent of the quota. With respect to unmanufactured lumber the total quantity shipped amounted to 155,906,000 feet.

Of course we must have some form of cooperation. The time has come when we cannot market profitably in a haphazard, slipshod way, but we must have some system whereby the farmers themselves will cooperate and take advantage of the markets their government has opened for them. If they do that, they will be in a much happier position before long.

We hear some criticism of the reduction in the preferential tariff on apples from 4s. 6d. to 3s., but it is generally agreed that the price of apples was no better after we had the preferential tariff of 4s. 6d. than it was before. More than that, I am an apple grower myself, and at present have 400 barrels of spy apples to sell. A man who was on the committee at the time the empire trade agreements were signed told me that the apple growers and shippers did not expect to get 4s. 6d. preference. At that time they would have been satisfied with 80 cents a barrel, which is considerably less than they are getting at present.

I should like to see the dumping duty retained for at least another two months, until March 1 instead of January 1, in order to give us an opportunity to clean up a little more of our fruit before the citrus fruits enter the market at a reduced rate. I believe it is optional in the agreement that with the consent of the other countries this could be done.

Furthermore, I do not believe any package of apples should be put on the market without having a government stamp of some kind on it. We hear people say, "We cannot get a good apple to eat. If we buy a peck or a bushel of apples, the top may be good and the bottom trash." Surely we should be able to relieve that situation and give people what they pay for. If we do not, we cannot expect to have good markets.

Something has been said about price fixing, and the government is blamed by some for fixing the price of western wheat at 80 cents, and not fixing the price of Ontario wheat. The previous government fixed the price of western wheat at 87½ cents per bushel. I have every sympathy for the western farmer.

Last summer I had an opportunity of travelling through the west to the coast. I visited many cities and towns in western Canada, and also communities in the dried-out areas of southern Saskatchewan. As far as southern Saskatchewan is concerned, it seems to me that it would not make very much difference if the price had been fixed at $2 a bushel, as they had no wheat to sell. To my mind it will be a long time before they have any. There are many areas of the west which are splendid sections of country. To my mind Alberta is a wonderful province. I visited Calgary and the Turner valley oil field, and also drove out to the town of Red Deer which boasts of having no municipal debt. I visited many sections of British Columbia. I want to state now that the hospitality of the people of the west is not excelled by that of any people in the world.

I also represent a riding which is half urban. There are several important industries in my constituency, and I am glad to say that since the present government came into power they have been doing more business than ever before. We will admit that during the latter part of 1938 conditions were not as good as they were in 1937, but even at that they were a great deal better than they were from 1930 to 1935 when hon. friends to my left were in office. This is the first time in the history of Canada that this country did not suffer the full effects of a United States depression. The fact is that Canada's production in 1938 as compared with that in 1935 showed an increase of 13 per cent; the United States production showed no improvement, while that of Great Britain showed an improvement of only three per cent.

In the village in which I live there is a small box factory that employs from sixty-five to seventy men and girls. They have done a wonderful business during the past three years. In that village we have only

two or three families on relief, and that only because of the ill health and the inability to work of the heads of the households. The Goodyear Tire and Rubber Company enlarged their plant in Bowmanville last year by several thousand square feet in order to take care of increased business. There are other industries in that town such as furniture factories and foundries, all of which are doing very well. Port Hope is the only place in the world where radium is made, and several of the industries in that town did better business than ever before prior to the last half of 1938. They increased the wages of their employees, and many have added to their plants. These industries have not been hurt in any way by the trade agreements. In fact they may have been benefited. This explains why unemployment is not so bad in my constituency. I do not say that we have no one out of work. We have seasonal unemployment the same as in many other places. There are many people who would like steady jobs, but conditions are not nearly so bad as they were from 1930 to 1935.

The transient problem is one of the worst problems that has to be faced by our municipalities. We do not mind looking after our own to a certain extent, but we do object to having our police stations filled with these people all the time and having them live either from house to house or on the town. I am glad to know that the government is taking action in this regard. I am glad also to know that our different service clubs and our churches and other organizations are trying to cooperate with the government in solving this problem. I believe that if the government, these different organizations and business, be it on the farm or in the factory, would all cooperate, we could go a very long way toward solving many of the problems we have to-day. Government and business have new opportunities to work hand in hand in solving problems which can be solved only by their working together. As colleagues and not competitors they could get down to brass tacks on a national program for economic stability and social advancement, including greater security for the individual. Political controversy, failure on the part of governments to take business into their confidence and indifference or inaction on the part of business leaders will never provide a positive approach to our national problems.

The new trade treaties embody two principles that we all should be ready to endorse. In the first place the pact is a step away from trade barriers and restrictive tariffs that have almost crippled world trade and undermined the financial structure of many powerful nations. It is fitting that the Anglo-Saxon democracies should be the first to abandon narrow nationalism and lead the world in an attempt to reestablish a normal interchange of goods and services. The Canadian trade treaty with the United States merits commendation because of the advantages secured for the primary industries of this country. Agriculture, fishing and lumbering should all benefit. If these industries improve, the gains will soon be reflected in all phases of our economic life.

I should like to say a word about the implements of production. The tariff on farm implements has been reduced all along the line. When this government came into office, duties on farm implements were 25 per cent, 15 per cent and 10 per cent. These were reduced to 7½ per cent and 5 per cent, with some items being placed on the free list. Importations of these implements from the United States have increased from a little more than $4,000,000 in 1935 to above $16,000,000 in 1937. The duty on mining machinery has also been reduced. The duty on gasoline was reduced from 2½ per cent to one-half per cent, and imports of this commodity have increased by over $1,000,000. Unmanufactured fertilizers have been free since 1906, but reductions from 10 per cent to 7½ per cent and from 20 per cent to 15 per cent have been made in the duty on manufactured fertilizers by the present government. We have in the town of Port Hope a fertilizer plant which is doing a real business. This plant has proved of real service to that part of the community.

Our national defence problem is perhaps as important as anything that we shall discuss in this house during this session. When we came into office in 1935 the Minister of National Defence (Mr. Mackenzie) promptly called for a report on conditions at that time. It was found that practically every service was absolutely out of date. Canada lacked adequate naval forces, while the militia had no field gun ammunition. There was not sufficient field artillery, and coast defence armaments were found to be obsolete. There were no tanks, armoured cars or tractors, and the manufacturing facilities for these armaments were not available in Canada. The reorganization of the militia was recommended in 1932, but no steps were taken at that time to carry out that recommendation. It was found that militia training was at a low ebb, the training efficiency being only about 17 per cent. Appropriations for the militia service in the last two or three years

have been approximately double those of the previous government. The appropriations this year for the navy are treble those of the late administration. Appropriations for the air force are approximately five times those of the previous administration. Appropriations for the three services prior to this year were almost treble those of the previous administration.

When we compare our national defence with that of Australia we find that we are falling a long way behind. In Australia the national defence premium is $6.73 per capita; in the United States it is $7.58, and in Great Britain, $27.21. Canada's is $3.17. The only countries doing less for their own defence than Canada are a few of the minor Central American republics. We are proud of our asosciation with the great British commonwealth of nations. We are greatly appreciative of the part played by the British fleet in preserving our shores from the menace of invasion. We recall with gratitude and appreciation the words of President Roosevelt uttered at Queens university, when he came last summer to join with our own Prime Minister (Mr. Mackenzie King) in dedicating the new international bridge at Ivy Lea. He said:

> The Dominion of Canada is part of the sisterhood of the British empire. I give to you assurance that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other empire.

We are indeed a fortunate people to have such friends.

While we have a Department of National Defence, I am just wondering, Mr. Speaker, how it would be to have a Department of Peace. It may be just as necessary to have a Department of Peace as a Department of National Defence, and I think the hon. member for Edmonton West (Mr. MacKinnon), who has just been appointed to the cabinet, without portfolio, could fill the position of Minister of Peace very creditably. Of course, he would have to work in conjunction with the Department of External Affairs, and his assistance would afford great relief to the Prime Minister in carrying out his duties as Secretary of State for External Affairs.

We hear a great deal from the opposition about this being a do-nothing government, but I want to say in closing that no government in history has gone so far in putting its election pledges into effect as has this government. They have grappled with many problems which had no direct bearing on their platform and to which no reference was made in the platform. They certainly did not pass legislation only to have it referred to the courts and declared ultra vires; and I am satisfied that the people of Canada, when they know the whole story, will approve what has been done by this government and will return it to power whenever an election takes place.

I shall vote, Mr. Speaker, for the main motion and against the amendments.

Mr. C. R. EVANS (Maple Creek): Mr. Speaker, I wish first to add my words of congratulation to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. It was a gratification to us coming from western Canada to be honoured by having the junior Liberal member from the west chosen to move the address, and I am sure we are all agreed that he acquitted himself well in his first attempt at speaking in this House of Commons. We are indeed pleased to have the hon. member for Brandon representing in this house the Liberal cause from western Canada.

I also wish to congratulate the hon. member for Stormont upon the excellent manner in which he delivered his speech in both English and French. We of the English-speaking race often envy the French-Canadian for the fluency with which he can speak in both the official languages of the house.

I should like also to extend my congratulations to the hon. leader of the opposition (Mr. Manion) upon his election to the leadership of the Conservative party of Canada. I have one particular wish for him, and that is that for many years he may remain leader of the opposition in this House of Commons.

It is gratifying to know, Mr. Speaker, that our king and queen intend to visit Canada this year. We in western Canada look forward to their visit with great expectations. The hon. member for Cochrane (Mr. Bradette), in addressing the house to-night, expressed the wish that the king and queen might visit northern Ontario. We in the southwestern part of Saskatchewan and the people in the southeastern part of Alberta are naturally disappointed that their majesties' itinerary as at present arranged permits of no stop at any point between Moose Jaw and Medicine Hat. That leaves a long stretch of three hundred miles in southwestern Saskatchewan and southeastern Alberta where the school-children and our young people will not have an opportunity of seeing their majesties.

During the course of this debate we have heard a good deal of criticism of the distribution of relief in western Canada, and

particularly in Saskatchewan. The hon. member for Qu'Appelle (Mr. Perley), in the course of his address the other day, stressed the maladministration of relief in Saskatchewan. I come from a portion of Saskatchewan where for the last thirty years it has been found necessary to have relief administered or assistance given at some time or another to some of our people in that part of the province, and the relief had always been administered through the rural municipalities of western Canada until 1930, when that system was changed. A relief commission was then set up by the then cooperative government, which was dominated by Conservative members and led by a Conservative premier. I have every respect for the gentlemen and the ladies who composed that relief commission in Saskatchewan, but I cannot say the same for the relief inspectors who were travelling throughout the country administering the relief. We had that system of relief by a commission in Saskatchewan for five years, and when the hon. Minister of Agriculture (Mr. Gardiner) in this government, who was then leader of the opposition in Saskatchewan, issued his manifesto to the people of that province before the provincial election of June, 1934, he stated that if he were returned to power one of the first acts of his government would be to scrap that relief commission.

I could tell many stories, Mr. Speaker, about maladministration of relief in Saskatchewan, under the relief commission, by the inspectors who travelled the length and breadth of the province, but I would hate to stain the pages of *Hansard* with the corrupt practices which they followed prior to the provincial election of 1934. At that election the people of Saskatchewan definitely decided that they did not want the administration of relief by a commission; for not one member of the Anderson administration, the so-called cooperative government, was returned to office. I think that speaks very well for a system of relief administration in Saskatchewan through the rural and urban municipalities. We had this latter system of relief tried again for four years since 1934; then we had another provincial election in June last, and the people of Saskatchewan definitely endorsed the policies of the Liberal government for the administration of relief through the rural and urban municipalities of Saskatchewan.

There has also been considerable criticism of the labour policies followed in Saskatchewan in connection with certain government projects. In the constituency I have the honour to represent we have had, during the past three years, several large projects carried out under the administration of the Prairie Farm Rehabilitation Act, and they employed each year several hundred men. In 1938, on the various projects in my constituency, there were at one time between five and six hundred men working. I should like to take a few minutes to explain to the house just how the labour policies were worked out on the larger projects in the southwestern part of Saskatchewan.

We held meetings at which we organized our labour policy. It was decided by the Minister of Agriculture that wherever possible on these projects local labour was to be used. So, in order to use local labour to the greatest extent possible, we drafted certain areas around these projects, from which areas local labour was to be drawn. We then set up a registration employment office for labour. The labour was drawn from that register in the order of registration as the labour was required on the various projects. No credentials were needed either from the provincial members or from the federal member as a condition of getting a job on any one of these projects. Everyone was given a job regardless of political affiliations. I should like at this point to pay a tribute to the Minister of Agriculture for the excellent manner in which he has administered the Prairie Farm Rehabilitation Act policy in Saskatchewan. We feel that it is going to rehabilitate that province so that the farmers will be able to make a living and carry on.

I should like for a short time to direct attention to one particular branch of work which has been carried on under the Prairie Farm Rehabilitation Act, and really administered by the experimental stations. Here I would pay a tribute, first, to the great work which the superintendents of the experimental farms at Swift Current, Indian Head, and Scott, Saskatchewan, have done in extending control of soil drifting, re-grassing and the different cultural methods in the drought area. Under the Prairie Farm Rehabilitation Act it is possible for the farmers to organize themselves into agricultural improvement associations. These associations, in cooperation with the experimental farm in each district in which they are organized, are kept in close touch with all the developments in the control of soil drifting, re-grassing and other methods.

Last spring, when I was home during the easter recess, I had occasion to drive through the district south of Tompkins. Tompkins is a town on the main line of the Canadian Pacific railway about sixty miles west of Swift Current. South of Tompkins was an area of about 30,000 acres on which during 1936

and 1937 there had been very little growth of any kind. This soil had drifted in the fall of 1937 and during the summer and winter of 1937, and last spring it looked as though it would be impossible for the farmers to seed a crop. Through the work of the agricultural improvement association and with the help of the experimental farm they continued to do good work in this area and have made real progress in solving some of the serious problems facing the farmers in southwestern Saskatchewan. Chief among these is the soil drifting menace which has harassed the prairie farmer severely during the past few years. The unusual drought conditions during 1937 left all the cultivated land in the district tributary to Swift Current either in a drifting condition or in a condition which gave great concern and alarm. This was due chiefly to the fact that the crop seeded in the spring of 1937 failed to grow. With the exception of the scanty stubble carried over from 1936, the whole country was practically bare of vegetation cover of any kind.

Following severe drifting during the winter and summer and fall of 1937 the wind-swept prairie presented a horrible spectacle in the spring of 1938. Thousands of acres in a solid block were swept clear, and miniature deserts covering many thousands of acres could be found in many points in the southwest. The farmers individually were helpless, because any cultural work attempted was quickly destroyed by the wind and drifting soil from adjoining fields. It was evident that the cooperation of every farmer in the entire district would be necessary if drifting were to be stopped and the land seeded. It is in this respect that the agricultural improvement association proved a great help in solving the problem. Meetings were held and plans were laid which included the furrowing of entire areas on the same day. Whole families turned out to stake out the fields in eight-rod strips, and every kind of furrowing implement, from walking ploughs to the new steel lister, was used. By ploughing furrows at eight to ten rod intervals the drifting could be temporarily stopped. The land would then be quickly cultivated to bring the first lumps to the surface to prevent further soil drifting until crops on the alternate strips were established. Difficulties presented themselves, however, and it was frequently necessary after a severe storm to do the furrowing all over again. Furrows alone would not control drifting, and when a storm arose before the whole area was worked, furrows were completely filled. It was here that the organization proved its great value. Encouragement and support were needed to keep a large body of farmers working in the face of great difficulties. Special equipment and motor power were needed where suitable machines were lacking and power was insufficient. Agricultural improvement associations through the Prairie Farm Rehabilitation Act and the help of the experimental station at Swift Current were able to supply a limited quantity of this equipment. This helped the less fortunate of their members to fight the battle of the drifting soil to a successful conclusion. In all areas where the organized effort was supplied, the drifting was controlled and the crop established. Great credit is due to the farmers who cooperated so wholeheartedly in the face of almost insurmountable difficulties.

The agricultural improvement associations have been responsible for many new activities in southwestern Saskatchewan. To their credit they have the solution of the soil drifting problem. The experimental work carried on by the experimental station at Swift Current in cooperation with the agricultural improvement association members has laid the foundation for a successful soil drifting control program which will eventually bring all drifting soil under control. Therefore there is in southwestern Saskatchewan no dust bowl that cannot be controlled.

For just a few minutes I should like to say something about the Canada-United States trade agreement as it affects western Canada, particularly our live stock exports. Already this year we have shipped 17,702 cattle to the United States in comparison with 3,256 head last year. So it is plain tc be seen that the reduction of one and one-half cents per pound on heavy cattle over 700 pounds is an inducement to the growers of cattle in Canada and particularly in western Canada to take advantage of the price of good beef cattle in the United States. During the first week of December of last year I had occasion to visit a big feeder in the southern part of the province who was feeding about 1,200 head of beef cattle. Those were all two and three year old steers, weighing 1,200 to 1,400 pounds. He had been feeding them from about October 15, and he told me he expected to start shipping them to the United States on the first of January. A few days ago I received a letter from this feeder telling me about seven carloads of cattle which he had shipped to Chicago at the first of the year and for which he had just received returns. He estimated that on those cattle he saved about $6.50 per head in duty, and his net profit, not including that, was about $20.50 over what he would have received on the Toronto market on the same day.

So I congratulate the Prime Minister (Mr. Mackenzie King) and his colleagues upon the splendid trade agreement they have consummated with the United States. It will be of untold value to the stock raisers and farmers of western Canada. There are many advantages which they will receive under this trade agreement that were not included in the 1935 agreement. So the stock raisers of western Canada look forward to the future with confidence and hope, believing that under the administration of the Prime Minister and the Minister of Agriculture, who has charge of the live stock industry, their future will be very bright. We believe that in the near future that industry will make good progress in western Canada.

Mr. P. J. ROWE (Athabaska): Mr. Speaker, first of all I want to touch briefly upon certain references made by some Liberal members to the problem of European victims of nazi and fascist terror.

This question has been confused, I think, with immigration proposals, to which this group is opposed. The hon. member for Champlain (Mr. Brunelle) I think it was, discussed the question as though it were a Jewish problem, but it is neither an immigration nor a Jewish question. Two-thirds of the refugees are non-Jews whose objections to totalitarian dictatorships have endangered their lives and the lives of those whom they hold dear. Can democratic people therefore refuse under proper safeguards to give aid and succour to those who suffer for the ideals of democracy and human liberty? Thousands of Sudeten Germans and Czechs as well as a large number of Jews appeal for aid. We urge the government to join with other democratic states in answering that appeal; that is all.

Reference was also made to the speech of the Secretary of State (Mr. Rinfret) in Montreal last week end, which has been widely interpreted to mean that the government would refuse to grant admission to these refugees. If that is the government's policy, this house should be told so at once; for, when parliament is in session, in this house alone should pronouncements of government policy be made. I urge the Prime Minister (Mr. Mackenzie King) to announce a policy for Canada which will conform to the traditional Liberalism of which he sometimes boasts.

This group to which I belong was glad to learn from the hon. member for Acadia (Mr. Quelch) that the amendment proposed by the Cooperative Commonwealth Federation will receive the support of the Social Credit group.

[Mr. Evans.]

We feel that it should receive the support of all who are genuinely desirous of curbing the irresponsible power of financial and industrial monopolies. I am afraid, however, that I must decline to accept the congratulations of the hon. member for Acadia, who suggests that this amendment represents a change in the policy of the Cooperative Commonwealth Federation. Ever since it came into being, this group has urged the necessity of effective measures of social control, ensuring that the financial and industrial machinery of Canada shall operate in the interests of the Canadian people as a whole. This amendment represents no change in policy whatever. In some instances social control can be exercised most effectively through government ownership; in others, through measures of state regulation, and in still others, through the efforts of cooperatives. In any given instance we favour that form of social control which will be most effective. I know that in his own excellent speech my hon. friend favoured the same sort of social control; he urged that the government establish a minimum price for agricultural products, based upon the cost of production plus a fair remuneration to the producer. That is directly in line with our amendment. So is the advocacy of planning in the international sphere for the purpose of controlling production and stabilizing prices; and we would add, making available to the people of the world the goods and services which their efforts have brought into being.

A few days ago, when coming from Edmonton to attend the session, I picked up a copy of the Toronto *Daily Star* of December 31, 1938. In glancing over the headlines I noticed a number of things that will more or less form the basis of the remarks I am going to make. The first headline was a statement, I assume it to be a joint statement, a kind of New Year's message to the Canadian people, from the Minister of Finance (Mr. Dunning) and the Minister of Labour (Mr. Rogers). The headline said, "Prosperity, labour and peace predicted." The article went on to say that in the opinion of these ministers 1939 would be a prosperous year for Canada. Then I remembered the 3,000,000 farmers in Canada whose incomes per family in 1934 averaged $474. I thought of the 2,420,000 wage earners, or 98 per cent of all who drew wages and salaries during the same year, who had an average income of $664, and would get about the same in 1939. One could hardly call that prosperity for the farmers or for the mass of the workers of this country. On the other hand I remembered that in the same year 1934, 23,600 people, representing three-fifths of one per cent of the population of Canada, would receive approximately $940,000,000, or

an average of $39,860 per family. And I remembered that in 1938 corporation earnings reached an all time high in Canada. It seemed reasonable to expect that 1939 would be a prosperous year for this class in Canada. But the Minister of Finance forgot to say just for whom the prosperity would be available. It is also true, I believe, that taking as the basis of calculation the 1931 census and the Bank of Nova Scotia's monthly review for May, 1937, approximately 4,000 persons in Canada, on the basis of the distribution of income set forth in the 1931 census, and translating that into the 1934 national income, would receive $600,000,00, or $150,000 each. Prosperity for that group, yes, but not for the mass of the people of Canada.

I had also with me a copy of the *Monetary Times* of December 10, 1938. This paper reported that in 1938 dividends paid by corporations in Canada were $313,000,000 as against $305,000,000 in 1937 and $256,000,000 in 1936. Then from the same issue of this newspaper I quote:

> The Imperial Oil group, including International Petroleum, Royalite and Andean National, are distributing about $43,000,000 this month.

That was December, 1938. Royalite, which operates in Turner Valley, paid in December alone, $529,302, which is $29,000 more in one month than the entire population of Alberta received in royalties from oil for the year 1937. And it should not be forgotten that these figures do not by any means represent the entire earnings or profits of these companies. Dividends are not declared until all wages, salaries, bonuses and so on are paid and reserves of various kinds set up. One has only to glance at the balance sheets of some of these companies to see that many of them are bulging with undivided profits, and the salaries and bonuses paid directors are exceedingly generous. The next headline that struck my eye was:

> Jobless shiver while city celebrates.

This was a statement by Mrs. Kasper Fraser, vice-president of the Welfare Council of Ontario, who told how thirty-six jobless young men were ordered out of the Fred Victor mission of Toronto and forced to sleep on the floor of a church. I quote her words:

> The situation is desperate. Certainly thousands of young men remain uncared for in the bitter cold of this season of festivity and good will.

I turn over a page or two, still looking at the Toronto *Daily Star* of December 31, 1938, and I notice the report of an interview between the eminent British banker, Sir George Paish, and the hon. member for Huron North (Mr. Deachman). I quote the hon. member's own words, quoting himself as making this remark to Sir George Paish:

> Our agriculture is in a worse condition than at any time during our history.

It was the hon. member for Huron North who said in this house a year ago, if my memory serves me aright, that the farmers of Ontario received less than the average office boy, less than a dollar a day. The hon. member is an able and competent statistician, and I do not at all question the accuracy of his calculations. A few pages further on in the same issue of the *Star*, I read the report of the Canadian Welfare Council, from which I quote:

> Since 1930, Canada will have spent, by March 31, 1939, about $900,000,000 on direct relief, relief works and projects, and she has more people on relief than when she started.

Incidentally the *Monetary Times* of December 10, 1938, which reports these vast volumes of wealth pouring into the bank accounts of a few favoured Canadians, also quotes the Minister of Labour as saying that 9,467 persons had been placed on farms for the winter in the four western provinces. I quote his statement:

> The per capita cost of the farm placement is $14 per month, including $5 allowance paid to the farmer.

Just a few weeks ago I happened to attend a meeting in Edmonton called for the purpose of discussing the problem of these young men who were being sent out on the farms. I remember very well the words of one of them who said something to this effect: "Some of the boys get the farmer to buy them an outfit of clothing in the fall, pledging their earnings of $5 per month and the bonus which they receive if they remain until spring. Then in the spring they leave the farm with no money and their clothing worn out." I have to quote here a statement that has been quoted repeatedly during this debate, but I think it is quite opportune to give the quotation once more; it will bear repetition. On the night of October 14, 1935, immediately after the election results were announced, the Prime Minister issued this statement:

> We take up at once, as our supreme task, the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that health and peace and sweet content which is the rightful heritage of all.

Note carefully, Mr. Speaker, the words of the Prime Minister. He says that his government is going to endeavour to end

"poverty in the midst of plenty." Thus he agrees that there is "plenty" in Canada. He says there is "starvation and unnecessary suffering," and again he refers to a land of "abundance." He says there is "discontent" and "distress," and then he refers to Canada as a country more blessed by providence than any other on the face of the globe. The Ontario minister of health, according to the Toronto papers of January 11, reports that there are thirty thousand more people on relief this month in Ontario than there were in January, 1938, and that the relief expenditures will be a million dollars more this year than they were last year. How can there be health and peace and sweet content when the average farmer in Canada has to live on $474 a year; when 895,000 workers, or 36 per cent of all Canadian workers, receive an annual average wage of $202; when 65 per cent of the workers receive an annual average wage of $360; when 84 per cent get an annual average of $506; when 93 per cent get an annual average of $592, and when 98 per cent get an annual average of $664? How can there be health and peace and sweet content in the hearts of nine thousand young western Canadians, both boys and girls, who are working for less than $10 per month, out of which they must pay for their own clothing? How can there be health and peace and sweet content in the hearts of hundreds of thousands of honest, decent Canadian citizens who are compelled to endure the heart-breaking degradation of public charity, who are denied the right to labour creatively, to produce useful and beautiful things for themselves and their children, their every legitimate and normal aspiration crushed and strangled by the fantastic veto which this system has clamped down upon their lives?

Surely these people know the Prime Minister was speaking the truth when he said Canada was a land of abundance, more blessed by providence than any other on the face of the globe. The people are becoming more fully aware every day that, to use again the words of the Prime Minister, "starvation" and suffering are unnecessary in a land of abundance. At every session of this parliament I have referred to the Loeb Survey of Potential Product Capacity, a United States government commission, which proved four years ago that without altering their industrial equipment the people of the United States could produce $4,400 a year for every family in that country. Now the Prime Minister says Canada is more blessed by providence than any other country on the face of the globe, and this must mean that we could actually have more than $4,400 a year per family. How long does the Prime Minister think the people of Canada are going to idle in semi-starvation because the rules of an archaic, obsolete system demand it; when they know that the good things of life are theirs for the taking—and, mind you, the working. I am not suggesting that there should not be work. How long, I wonder, does he think that is going to last? They are not going to submit very much longer to the conditions imposed by this fantastic situation.

No wonder one of his own followers, the hon. member for Humboldt (Mr. Fleming), driven to exasperation by the complete failure and ineptitude of the government, burst forth in this house only last Thursday with such language as this. He said.

> I begin to wonder how long it will be before the government will be willing to face fairly the fundamental issues.

Later:

> Production for need has become all mixed up with exploitation for profit. In Canada we see poverty and desperation when we have nearly a million people on relief and the granaries are filled with wheat. Do we take the wheat and put men to work, making bread for those who have none? No. We plunge the country further into debt by borrowing money to get the bread. Goods are sacrificed for profit, not only in this country but in others.

Then a little later on he said:

> We would be better advised to spend less time criticizing the Hitler regime and more time in bolstering up our own weaknesses. The best criticism anyone can give of a dictatorship is a perfectly functioning democracy.

I quite agree with that. After denouncing exploitation for profit, and goods being sacrificed for profit, he goes on to say:

> If some way cannot soon be found to make the implement manufacturers toe the line, the government will have to set up manufacturing plants under the control of the government, or some other arrangement.

May I congratulate the hon. member for Humboldt upon his repudiation of the profit system. I want to suggest to him that consistency now demands that he vote for the subamendment proposed by the hon. member for Winnipeg North Centre (Mr. Woodsworth) because it involves planning.

His closing words, as they are reported at page 160 of *Hansard*, struck me as a ringing challenge to democracy and a plea for the new world order. This is what he said:

> The people of Germany turned from democracy just as the people of Canada will turn from democracy if the government of

Canada and other democratic countries will not try to make the people happy and contented, but rather hold them down as economic slaves.

The speeches of the Prime Minister and the Leader of the Opposition (Mr. Manion) in this debate, are simply, in my opinion, rehashings of the dreary futilities and ineptitudes of which the Canadian people grew tired and weary thirty or forty years ago. They actually dragged in the carcass of that archaic nostrum, the tariff. From the lips of two prominent members of the Liberal party I have just quoted the story of the tragic poverty and despair of the Canadian people. These are the fruits of the tariff and other policies of these two old-line parties which have alternated in power in Canada for over seventy years, or ever since confederation. Had there been anything of virtue in the tariff, surely it would have been discovered in all that time. Surely it is a waste of time to talk of tinkering with palliatives like that.

The leader of the opposition wound up by moving an amendment which, if carried, would have defeated the government and forced it to resign. The amendment regrets a number of things which we all regret. But I am very sorry to observe that the leader of the opposition does not propose to do anything about the matter.

The Montreal *Gazette* of August 12, 1938, reports that in a speech at Barry's Bay, Ontario, on August 10, 1938, the hon. gentleman told his hearers that federal governments of the past, which includes the one in which he was Minister of Railways and Canals, have done little by way of national planning of Canada's economic life, and that the time has come for action on economic problems. Again, the *Gazette* goes on:

The wealth of the country, he said, is badly distributed, hence the danger of revolution, and the need for national planning, and so on.

Again I ask the hon. member if he is correctly quoted and believes in the necessity for government planning. Has he changed his mind since the Barry's Bay speech? If so, will he tell the house why. If not, will he be consistent and vote for the subamendment which involves government planning?

There is one ancient custom in connection with the opening of parliament which, I think, should be retained because of the value of its associations. When the king's messenger knocks, and Mr. Speaker says, "Admit the messenger," I think of those heroic ancestors of several centuries ago who established the supremacy of parliament by insisting, at the risk of their lives, that even the imperious demands of the king must await the pleasure of the people's representatives. May I, however, remind the House of Commons that while we are still complying with the rule which keeps even the representative of the king waiting outside the front door of the house, we have permitted a far more deadly foe to creep in through the lobbies and occupy the seats of the government itself. I say this advisedly, because everyone of these privileges and all of this power which distort and strain the relationships between the favoured few who rule this country and the plundered, profaned and disinherited farmers, fishermen and workers whom they exploit, have been derived from laws passed by either this parliament or the provincial legislatures.

I said last year, when speaking on the sweepstakes bill on May 27, 1938, that I knew of sixteen ways by which money is being made in this country to-day, all of which are unmoral, unethical and inimical to the welfare of the majority of our citizens, but all of which are none the less clothed with the force and respectability of law. I hope that later in the session these matters may be debated.

I must refer to the economic and political powers wielded by the members of our senate. The Toronto *Daily Star* of August 27, 1938, quotes from an article in the magazine *Fortune* for September, 1938. I quote:

There is no business versus government problem in Canada nor the likelihood of one, because big business and the government are closely allied, if not actually identical. Nevertheless the Canadian economy is one of the world's most precarious, because it rests upon exports, and no one to-day will even guess at the future course of world trade.

And again:

Yet another bulwark of the status quo is the inveterately patriarchal Canadian senate, the importance of its power becomes dramatically apparent when you realize the role which senators play in industry itself. There on the record for all to see is the fact that 43 senators hold 199 directorships or offices in 151 companies, whose known assets without duplication add up to eight billion five hundred million dollars.

This means average company assets per senator of the colossal sum of $200,000,000. When it is realized that this non-elective body, the members of which hold office for life, has the power of absolute and perpetual veto over all the laws passed by the commons, it should be a subject of serious consideration for Canadians.

I turn now for a moment to the trade situation. Professors Leven, Moulton and Warburton, in their studies for the Brookings Institution, show that for the year 1929 in the United States, 36,000 families, or one tenth of

one per cent of the population, received ten billion dollars, the lowest income in the group being $75,000, and the average $300,000, while at the other end of the scale twelve million families, representing forty-two per cent of the entire population, received the same amount, namely ten billion dollars, but the highest income in this latter group was $1,500, and the average, $830. This situation prevails on a slightly different scale in both England and Canada. The trouble is, I think, that so much money is paid to so few people and so little money is paid to so many people that the many poor cannot buy the goods and services which they need, while the few rich do not need the goods and services that they can buy. How, for instance, could the average family in the group of thirty six thousand consume $300,000 worth of goods and services? True, they actually do spend about $50,000 each, but the other $250,000 is saved. On the other hand it is easy to see how the average of the twelve million families who receive the $830 each could spend four or five times that amount, if they only had it. So we see that the few rich do not buy these, to them, useless goods and services, and the poor cannot buy them, so they are not produced, for the simple reason that they could not be sold if they were.

Then our economy is turned to the manufacture of luxuries and the instruments of war; for there is no other way in which the profit system can be operated at this stage of its development. Pump-priming or public works programs may serve as palliatives to delay the coming of depressions; but the experience of the United States, which has pumped eighteen billion dollars into its flagging system during the last six years and which now has, according to the statement made by the Minister of Labour (Mr. Rogers) the other day, 21,000,000 persons on relief, should serve as a warning signal to us. While I welcome every reduction in trade barriers, I do not see how the new treaty can possibly effect a fundamental change in our situation. The masses of the people in most countries are so desperately poor that they cannot buy even the goods which they produce and which they need so badly. Wherever one looks, the desperate plight of the farmer is apparent.

I should like to refer to La Tragédie Paysanne by Marcel Braibant, in which he has something to say about the position of the French farmer. I desire to refer briefly to the position of the French farmer because we are trading with France. We cannot ignore the financial position of those to whom we want to sell our goods. I quote:

> From 1892 to 1929 the number of small farms of less than 25 acres has decreased by 30 per cent. The main cause is the economic condition of modern agriculture. Most peasants have been forced to leave by the economic regime of big capitalism.

The author proceeds:

> The mechanism which has crushed the French peasantry is a complex one. Its development has coincided with the concentration of capital, industry and the commerce of agricultural provisions in fewer hands. During the second empire the manufacturers obtained commercial treaties by which the production of important products of the French soil was either totally or partially prohibited.

There you have it. Wherever you look, big capitalists and industrialists are making treaties in order that they may profit at the expense of the farmers. Again the same author has this to say:

> Since the war French markets have been invaded by the apples, pears, peaches, fresh vegetables of California, Canada, South Africa, Italy and Spain, and by the dried vegetables of Chile and central Europe. Compared with before the war, 707 per cent more table apples have been imported and 1,430 per cent more plums. It is almost unbelievable. French commercial agreements are responsible for this. They have sacrificed their fruit and vegetable producers, most of them small farmers, in favour of exporting the products manufactured by some powerful industrial companies.

May I now glance for a moment at conditions in England? Messrs. G. W. Daniels and H. Campion in their standard work, The Distribution of the National Capital, show that 80 per cent of the capital of Great Britain is now owned by six per cent of the population. The fact that in all capitalist countries from 80 to 90 per cent of the wealth has got into the hands of from five to ten per cent of the people would not be such a serious matter were it not for the fact that the ownership of capital inevitably carries with it the receipt of all the really large incomes. Mr. O. R. Hobson, financial editor of the London *News Chronicle,* has made a calculation of how the British national income is divided. He says that in 1932-33 the total income was seventeen billion dollars, but that 12,000,000 people out of a total population of 46,000,000 received $12,750,000,000. This would be over $1,000 each or $5,000 per family of five. The other 34,000,000 people received $4,250,000,000, which would be an average of about $500 per year per family of five. This explains why thirteen and a half million persons in England are, to quote Sir John Orr's words in his recent official report on food, health and income, "gravely undernourished."

The farmers of England are so desperate that only the other day, January 17 to be exact, press despatches from London told us that a delegation of 6,000 farmers had decided to march to the House of Commons for a

demonstration on February 1. This means, of course, that the farmers of Great Britain are in precisely the same position as the farmers of the United States, France and Canada. Because of the trade policies and trade agreements of their respective countries there has been a reduction in the living standards of the farmers who literally feed and clothe the world, to the level of peasants, peons and slaves.

The United States offers an example of the fallacy of the belief that further reductions in tariffs can bring about a fundamental change leading to a solution of our problem. The United States is the greatest free trading area in the world. There are forty-eight states with no trade barriers. It is undoubtedly the one country in the world that most nearly approaches a position of economic autonomy, having as it does a larger percentage of minerals and materials necessary to maintain a modern civilization than any other area on the face of the earth. Yet I point to the fact that 12,000,000 families in that country, representing 42 per cent of the population, have an income of $830 annually. Again quoting the statement of the Minister of Labour, there are 21,000,000 persons in that country receiving relief.

To come back for a moment to the position to-day of our young people, when the disinherited young men of Canada turn to crime as the sole alternative, or attempt to organize themselves into what the Minister of National Defence (Mr. Mackenzie) calls subversive movements, the hon. gentleman prepares to meet with force their threat to what he calls democracy. I should like to quote his enunciation of that policy in an address which he made in Ottawa on February 7, 1936. He said:

> First we must have the defence forces capable of keeping down subversive elements from within.

I have heard the Minister of Justice (Mr. Lapointe) say more than once in this house that the way to deal with subversive elements is to remove the cause which, he said, was rooted in poverty and injustice. But that is not the policy of this government. This government has only one policy, that is to meet, with force and nothing else, the demand of the people for the right to participate in this life of abundance. Despite the poverty and misery to be found among the farmers and workers of this country the Prime Minister proposes to set up a purchasing board which will see that reasonable profits are allowed in the purchase of munitions. While the farmers have to keep their families on less than $500 per year, which by no stretch of the imagination can give them their costs let alone any profits, the armament manufacturers are to be guaranteed a reasonable profit by the government. What does the Prime Minister mean by a reasonable profit?

I notice in the *Monetary Times* of December 10 that the International Nickel Company last month paid dividends amounting to $7,292,013. This company made a profit of $50,300,000 in 1937 and shipped millions of pounds of copper to Japan to be used in the maiming and murder of helpless Chinese women and children, all in defiance of the nine power treaty of which Great Britain and Canada were signatories. The Red Cross appeals to the Canadian people for funds to help bind up the wounds which are the fruits of the activities of our patriotic profiteers.

If the members of the house will vote for the subamendment, it would pave the way for the public control of such companies in order that their mineral products might be used for bath-tubs, kitchen utensils and other necessities which our people are now going without, instead of these mineral products being used as they now are to murder our neighbours in other countries in order to make millionaires in London and New York. It is a fact, Mr. Speaker, that eighty per cent of the stock of International Nickel is owned outside Canada altogether, and therefore $40,000,000 of its $50,000,000 profits for 1937 were sent out of the country.

From the London paper *Peace News,* of January 29, 1938, I note that the profits of Krupps, the German armament firm, were 16,000,000 marks in 1937, compared with 14,000,000 marks in 1936. And finally I quote from the London magazine *Peace,* of May, 1938, the following:

> The armament profiteers have never in history reaped such a harvest as in the past twelve months. Total profits of thirty important iron and steel companies, with big armament interests, were shown here a year ago to have risen from £3,803,040 in 1934 (before rearmament began) to £8,941,169 in 1936, a rise of 135 per cent, and £11,747,074 in 1937, an increase of 239 per cent on 1934.

Last year, during the debate on the address, I pointed out that during 1937 the nations of the world spent fifteen billion dollars on armaments, and that this meant fifty million dollars a day for three hundred working days in the year, since they knocked off on Sundays to pray for peace.

Mr. SPEAKER: The hon. member's time is exhausted.

Some hon. MEMBERS: Let him finish.

Mr. SPEAKER: The hon. member may continue, with unanimous consent.

Mr. ROWE (Athabaska): Thank you, Mr. Speaker. I was pointing out that this meant fifty million dollars a day for three hundred working days, since they knocked off on Sundays to pray for peace, while spending all the rest of the time in preparing to murder each other; and this reduced the standard of living of the people of the world by exactly fifty million dollars a day. For 1938 it was fifty-five million dollars a day.

In his speech the other day the Prime Minister commented on this diversion of capital, material and labour into these destructive channels. He referred to employment as having been a serious problem for nine years, and said that it was a "difficult" and "perplexing" and "baffling" problem because it was a "world" problem, and then he gave this astounding reason. I quote his exact words, on page 60 of *Hansard*:

> It is a problem with which every country in the world has been confronted within recent years—and why? Because of the policies that are being made to prevail in certain parts of the world, those policies of economic nationalism which, instead of bringing nations closer together, are putting countries into isolated compartments.

What he utterly fails to see is that our country, the British empire and the United States have been the worst offenders in this very matter. From the Manchester *Guardian* of May 11, 1938, I quote the words of Sir Archibald Sinclair, leader of the Liberal party in Great Britain, and surely he should be a respectable authority in the eyes of the Prime Minister. Speaking at Launceston, Cornwall, on May 12, he said that from the standpoint of peace the most fatal step ever taken by the British government since the war was the adoption in 1932 of the policy of economic imperialism, and the Ottawa agreements. He continued:

> It was not until then that the German people abandoned themselves to the frenzy of despair which we call Hitlerism, and the tariffs and quotas of Ottawa, the economic armaments of the British empire, began to breed in other countries, tanks, aeroplanes and warships, the military armaments of nations which were determined not to go on paying tribute to Britain but to acquire territories and raw materials for themselves in Abyssinia, in Spain, in China, in Austria, in Czechoslovakia, and perhaps ultimately in the British empire itself.

The Ottawa agreements are still in operation, and the new treaty is still, in its effect on German exports, a deadly weapon of economic warfare.

I was literally shocked beyond words the other day to hear the Minister of Trade and Commerce (Mr. Euler) speak regarding the effect of the new agreement upon our neighbour countries. He hastened to assure the house that Italy would not derive much benefit; that Japan would not derive much benefit, and that Germany would not derive much benefit from the agreement. Is that a worthy achievement, or reason for congratulation? That seems to me to typify an attitude of mind which utterly fails to comprehend the underlying fact that there is unity among mankind; that there is such a thing as the equal worth of all peoples and races, the common blood and destiny of mankind; that nations must have raw materials. Six nations in this world to-day control eighty-five per cent of vital natural resources. Sixty-eight other nations have to be content with fifteen per cent. Now then, how do you expect to have peace on earth and good will among men when you erect trade barriers deliberately designed to prevent those people from getting the foreign exchange with which to import vital raw materials? That simply brings on war. I agree with Sir Archibald Sinclair.

I often admire the mastery of the Prime Minister in the art of beautiful expression; but beautiful and eloquent words are meaningless, empty, idle and futile in the presence of facts that contradict the words. What is the use of affirming an idealistic conception of world brotherhood and world peace, while at the same time doing everything in the field of action and public policy to negate your words and make the attainment of those objectives impossible?

Mr. LAPOINTE (Quebec East): Surely my hon. friend would not say that the new agreements were directed in any way against either Germany or Italy or Japan. The remarks of the Minister of Trade and Commerce (Mr. Euler) were in answer to a criticism from the other side to the effect that these agreements were favouring Italy Germany and Japan.

Mr. ROWE (Athabaska): Quite so. The Minister of Justice (Mr. Lapointe), of course, holds a philosophy that I do not hold. I repeat, competition, strife, conflict arising out of our system, compel the creation of treaties which inevitably prevent nations which are short of vital natural resources from getting the foreign exchange which they must have in order to import the raw materials they need. I know that the Minister of Trade and Commerce holds the same philosophy as the Minister of Justice, but it is certainly not mine, and I think that that philosophy and its fruits constitute the reason why we have war in the world.

Mr. LAPOINTE (Quebec East): I think my philosophy is midway between that of the Minister of Trade and Commerce and that of my hon. friend.

Mr. ROWE (Athabaska): We shall be debating the trade agreement in a few days, and we can go into that in greater detail then.

If I may now continue, the Prime Minister said, at page 56 of *Hansard*:

> I believe if policies of economic nationalism continue to make headway among the different nations, that war will follow as certain as night the day.

And he asks the people of this country to believe that other countries are to blame for this situation. I ask him to ponder the words of the late President Wilson, who, speaking in St. Louis just a few days before his death, said:

> Is there a man or woman, nay, is there a child in this audience, who does not know that the seeds of war are sown in hot, successful, commercial rivalry?

That is the point. If there is commercial rivalry, then we are engaged in it. We are one of the leading trading nations of the world. We are engaged in commercial rivalry to a greater extent per capita than any other nation on the face of the globe, and it leads inevitably to war. May I just quote one sentence from the headline book, Peaceful Change, published by the Foreign Policy Association. At page 27 I read the following words:

> Through the Ottawa agreements of 1932, the members of the British empire, including India, the dominions and a number of British colonies, established a system of trade preferences, favouring each other, and discriminating against outside countries. Since the trade of the British empire amounted to 29·1 per cent of the world total in 1934, such a policy is of serious concern to the rest of the world. Outside countries like Germany and Japan are thus placed at a disadvantage in all these Imperial markets.

I have stated many times in this house that poverty at home is the cause of war abroad; that the farmers and workers who produce the wealth are paid so little for their labour that they cannot buy the goods they have produced. These goods are then shipped abroad in a frantic effort to sell them; but the masses of workers and farmers in other countries are also so poor that they cannot buy our goods, and the resulting scramble for non-existent markets leads inevitably to war. I repeat, Mr. Speaker, how can the three million farmers in Canada who average per family an income of $474 possibly buy the goods they need, or the 98 per cent of Canadian workers whose annual income is $664, or the French farmers, 30 per cent of whom have lost their farms in the last few years, or the British people, thirteen and a half million of whom are gravely undernourished, and thirty-four million of whom are living on less than $500 per family? How can they buy either their production or ours? How can the American people, sixty million of whom get an average of $830 per family, and twenty-one million of whom are on relief—how can all these people who are not getting enough to buy the bare necessities of life, possibly pay for the comforts of life? War may be the ultimate curse, but the preparation for war has now become necessary to the stability of the whole country.

Thus a nation at peace becomes hopelessly dependent on the war effort to support the nation in peace. This is the tragic mess into which the advocates of armaments as the guardian and guarantee of peace have at last drawn the unhappy world. They began by provoking arms manufacture to protect their societies from war. They end by making the war industry essential to protect society from an equally terrible enemy—industrial collapse. The world cannot live without the arms plants and cannot live with them. Now the wide-circling waves of this mad current have touched our own shores, and flooded into our own country. The workers are now feverishly engaged in forging the means of their own destruction; one of these days the cynical old men, whose spiritual blindness, mental confusion, political stupidity, economic ignorance and business incompetence, have brought about this situation, will sit around a table, and like the criminal fools that they are, order the flower of the world's young manhood into another vast international abattoir to murder and be murdered by other young men whom they never saw before, and against whom they cannot possibly have any quarrel, and thus will the last flickering lights of the present civilization go out.

Therefore, Mr. Speaker, because I believe that a planned economy would banish poverty and war forever from the earth; because I believe that the Canadian people have an unexampled opportunity to lead the world along this path back to sanity, and because I believe there is no other way to do this, I have much pleasure in seconding the subamendment, and urging all hon. members to vote for it.

On motion of Mr. Heaps the debate was adjourned.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.55 p.m.

Monday, January 30, 1939

The house met at three o'clock.

VACANCY

RESIGNATION OF MEMBER FOR THE ELECTORAL DISTRICT OF CALGARY WEST

Mr. SPEAKER: I have the honour to inform the house that I have received the resignation of Right Hon. Richard Bedford Bennett as member for the electoral district of Calgary West. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

IMMIGRATION

PETITION OF LA SOCIÉTÉ ST-JEAN-BAPTISTE PROTESTING AGAINST ALL IMMIGRATION

Mr. WILFRID LACROIX (Québec-Montmorency): I have the honour to present to this house a petition from La Société St-Jean Baptiste of the Quebec diocese, bearing the signatures of 127,364 persons, vigorously protesting against all immigration whatsover and especially Jewish immigration; demanding with all the energy inspired by the instinct of self-preservation that we maintain a rigorous policy of forbidding immigration; asking also that certain ministers do not permit the entry into this country of even a few immigrants by allowing them special permits or privileges which give access to Canada even when immigration is officially forbidden; and finally pleading that the Canadian government take all necessary precautions to prevent all immigration to this country.

The petition has been laid on the table of the house.

IMMIGRATION ACT

AMENDMENT OF PROVISIONS RESPECTING DEPORTATION OF PROHIBITED OR UNDESIRABLE CLASSES

Mr. A. W. NEILL (Comox-Alberni) moved for leave to introduce Bill No. 14, to amend the Immigration Act.

Some hon. MEMBERS: Explain.

Mr. NEILL: Mr. Speaker, the purpose of this bill might be very briefly and vaguely expressed by saying it is a bill for the protection of certain political refugees and of people on relief. The sections of the Immigration Act concerned are sections 40, 41 and 42, under which any immigrant who has not been in Canada long enough to establish domicile is liable to be deported under very summary proceedings if he has been guilty of certain offences or crimes, some ten or eleven of which are enumerated in the sections. I might refer to one or two of them: polygamy; living on the avails of prostitution; being an inmate of an asylum, reformatory or gaol, and a number of other offences. These people are not liable to be deported; they must be deported, and the procedure is very precise. The clerk of the municipality must give information to the minister, who orders a board of inquiry. If they find the facts as stated the man or woman is deported forthwith. It is true that there is an appeal to the minister, but if the minister does not happen to be interested or if he is away the decision very often will be made on the advice of the very officials against whom the appeal is being lodged.

I have no particular complaint against the deportation of men or women who have been guilty of the crimes to which I have alluded, because they generally know what they are doing. But among the offences enumerated one was slipped in which I did not mention. The house will be surprised to learn that included amongst these crimes for which people must be deported is that of having been, at some time since 1910, guilty of having been on relief, or in other words a public charge. It might apply to people born in the old country and who, coming out here, have met with sickness or misfortune. They and all their family are liable to be put in gaol and to be deported, along the lines I have indicated.

The purposes of the bill are twofold. The first is to give the board of inquiry permissive power—not compulsory power—to recommend against deportation of a person against whom the only crime, if one must call it that, is that for a period of perhaps only a few weeks he has been compelled to be on relief, through sickness or other causes. The other feature of it, which is perhaps even worse, relates to political refugees. It is bad enough to be arrested and put in gaol for no other crime than being hard up—because they are kept in gaol until the court of inquiry is held, and then they are deported forthwith. But there is worse, even, than that. A man may not be a British subject and may come from one of those countries of Europe where freedom is getting to be almost unknown. He may have expressed political views against the government of the day, or he may even have gone so far as to slip out at night in order to escape some penalty imposed upon him by reason of perhaps nothing worse than the racial origin of his grandmother or his grandfather. He may even have been guilty of the heinous offence of

having slipped out of a certain country with a few more dollars of his own than the government of that country would permit him to have. He may, however, get away and reach British territory. If he is sent back, simply because he is guilty of being on relief, he may face a firing squad or a concentration camp or, more plainly, simply murder—because there is no question that murder has been encouraged, in large numbers, in some of the states to which I have referred.

I maintain it is inconsistent with the traditions of the British empire that a man who comes to this country shall not have freedom from political offences in the country from which he came. Certainly he should not be deported simply because he was on relief for a little while. We speak of everyone being free in a British country. May I point out that the bill only suggests—it does not compel—that in a case where a man's only crime is that of being on relief, and where his being sent home to his country of origin would almost inevitably mean the forfeiture of his liberty and property, and quite possibly his life, such matters should be taken into consideration, and if circumstances warrant he should not be deported. The bill excludes extraditable offences, or any offences which would be a crime in this country, and it leaves ample opportunity to take the very fullest means to get rid of the really undesirable or prohibited immigrants.

The effect of it would be that the board, and the government, will not be compelled as they are now to deport people whose only crime may be that they desire that liberty of thought and speech and action which is so dear to all of us in the British empire.

Motion agreed to and bill read the first time.

UNEMPLOYMENT

TELEGRAM FROM MINERS AT PASSCHENDAELE, N.S., AS TO NEED OF RELIEF

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, before the orders of the day are proceeded with I should like to draw the attention of the Minister of Labour (Mr. Rogers) to a telegram I have received, and which I presume he or some other members of the government have received, indicating a condition so serious and critical that I believe it is deserving of a statement from the minister.

The telegram is from Passchendaele, Nova Scotia, via Glace Bay, and is as follows:

> Miners and their families of this town in dire need of relief or more work. Mines only working two shifts. People are desperate. More work is not possible during winter. Immediate relief is necessary or men will be forced to take direct action as they cannot see families go hungry any longer.

That is all of the telegram which deals with the matter. It is signed by Michael Nearing, local union 4519, of the United Mine Workers. While I had not informed the minister I was going to ask the question, I have taken it for granted that he received a wire respecting the matter. If he has not, I shall be quite content to receive his answer to-morrow, if he prefers.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, a few minutes before the house opened I had received notice from the hon. member for Winnipeg North Centre (Mr. Woodsworth) of his intention to ask a question based upon a telegram similar to that just read by the leader of the opposition (Mr. Manion). My information is that the condition referred to has been brought to the attention of the provincial government, which has always assumed the responsibility of allocating both federal and provincial funds available for distribution in connection with direct relief.

Mr. MANION: In regard to the message which I read, do I take it that the minister completely shelves responsibility? Does he assume it to be the responsibility wholly of the provincial government? Has he communicated with the provincial government in regard to it?

Mr. ROGERS: With respect to the latter part of my hon. friend's question, I may say that immediately upon receipt of a telegram similar to the one he received the matter was brought to the attention of the provincial government. As he is aware, the provincial government under both the previous and the present administration, has been charged with the responsibility of deciding where and under what conditions direct relief shall be given. The dominion government makes monthly grants in aid to the provinces for that purpose.

Mr. MANION: Is it not so that a number of exceptions to that have been made by this government?

Mr. ROGERS: Such supplementary agreements with respect to works for the provision of employment as have been made have been brought to the attention of the house, either by the *Canada Gazette* or by the actual tabling of the agreements.

JAPANESE IMMIGRATION

WORK OF INTERDEPARTMENTAL COMMITTEE—INQUIRY AS TO REPORT

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, I should like to ask a question of the Prime Minister (Mr. Mackenzie King) concerning the interdepartmental committee appointed about a year ago to investigate thoroughly the Japanese problem in British Columbia. I am of course not referring to the board of review appointed to look into the question of illegal entry.

A press dispatch from Ottawa contained in the Vancouver *Province,* reaching Ottawa over the week-end, after setting out that there has been the greatest secrecy about this inquiry, states that the results of the inquiry may never be made public. I should like to know whether or not the report of this interdepartmental committee will be made public and, if so, when it may be expected? I would point out that on March 4, 1938, the Prime Minister stated the committee had been instructed to report at an early date.

Some hon. MEMBERS: Order.

Mr. SPEAKER: That would be a proper question to put on the order paper.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, my recollection at the moment is that the interdepartmental committee which, as the hon. member has just said, was constituted prior to the board of review, did make a report to the government, which was intended to be in the nature of a confidential report to guide the government in action which might subsequently be necessary. The action the government thought advisable was the appointment of a board of review, on which there were several representatives.

The board made a very full inquiry. Its report has been printed and tabled in the house. It may be that I am in error in saying that there is no public report of the interdepartmental committee; if I am incorrect in that statement I shall be glad to correct it at another time. However my recollection is that the only report which the government intended to make public is the report of the board of review.

Mr. GREEN: Then there will be no report from the interdepartmental committee?

Mr. MACKENZIE KING: If the facts are as just stated, I believe that to be so.

SEED GRAIN

INQUIRY AS TO PROPOSED MEASURES FOR SUPPLYING OF SEED IN WESTERN CANADA

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, has the Saskatchewan government made application to the federal government for assistance in financing relief seed for the farmers this spring? If so, on what date; and when may we expect legislation to implement this request?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as to the last part of the hon. member's question, namely that part in which he asks when he may expect legislation, I am afraid the only reply I can give is that the government cannot be expected to make a detailed announcement in advance as to its entire program of legislation.

Mr. DOUGLAS (Weyburn): Then, what about the first part of my question? Has any application been received from Saskatchewan?

Mr. MACKENZIE KING: That part had better stand as a notice of question on the order paper.

BREN MACHINE GUN CONTRACT

INQUIRY AS TO ACTIVITIES OF MAJOR HAHN

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, so that there may be no misunderstanding as to the accuracy of the records of this house in further references to the matter in the press, I desire to direct three questions to the Minister of National Defence (Mr. Mackenzie).

First, will the minister explain his statement of July 1, 1938, as it appears at page 4524 of *Hansard,* to the effect that he never met Major Hahn prior to the execution of the contract with the John Inglis Company—

Some hon. MEMBERS: Order.

Mr. MACKENZIE (Vancouver): Let him go on.

Mr. MacNEIL: —March, 1938, in view of his subsequent admission that he met Major Hahn in 1936?

Second, will the minister explain whether Major Hahn acted as the representative of the Canadian government during 1937 with reference to the Bren gun negotiations, and if Major Hahn received reimbursement for his expenses while abroad during 1937?

Third, will the minister explain his statement of June 3, 1938, page 3555 of *Hansard,* to the effect that the contract was not obtained through the good offices of the Canadian government, in view of subsequent testimony on that point?

Mr. SPEAKER: These questions should not be put at this time. They should be put on the order paper.

Hon. IAN MACKENZIE (Minister of National Defence): Possibly this is a question of privilege, although the questions as they have been put are not proper either for the orders of the day or for the order paper. Perhaps I may be permitted to answer the questions asked.

The answer to the first question is that my recollection as I stated it last year in the house is my recollection now, and that statement was honestly, honourably and truthfully made.

My answer to the second question is that the gentleman in question did not act as the agent of this government in 1937 and to the best of my knowledge he has not received any reimbursement for his expenses during that year.

With reference to the third question, the statement made by the Minister of National Defence last year was absolutely honourably and honestly made. If my hon. friend wishes to attack the correctness of any of these statements, he has the privilege of referring the matter to the committee on privileges and elections of this house.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Friday, January 27, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, it is my privilege to represent in this house one of the four constituencies in the city of Winnipeg. In a comparatively few years Winnipeg has grown from a trading post to a city of 215,000 inhabitants. Within its borders are to be found all races and creeds and men of many different nationalities. It is these men and women who have built up the city of Winnipeg during the past sixty or seventy years. You will find there people of Anglo-Saxon descent, Ukrainians, Poles, Germans, and Jews. All of these people have contributed something toward the development and growth of the city of Winnipeg, which is synchronous with the growth and development of western Canada. Winnipeg in itself typifies the general development of that part of our dominion.

During the twenty-two years that I have been in public life, thirteen of which have been spent in this chamber, it has been always my aim to try to bring about a closer understanding and more harmonious relationship among the various component parts of our population, not merely of Winnipeg but of the whole of the Dominion of Canada. I regret to say I have found that one of the main obstacles to that natural development of our people has been the fact that there are many politicians in the west, as there are probably in other parts of Canada, who are too ready to try to obtain political advantage by exploiting racial feelings and misunderstandings. I have always tried to avoid that in my public life. There is however one thing of which I feel proud, and that is the fact that the people of all races and creeds have been ready to support me year in and year out during the whole twenty-two years I have been in public life.

We find to-day throughout the west a new Canadianism. This type of new Canadian is a credit I am sure to our educational institutions and to the dominion as a whole. I often wish that those who talk so much about Canada, but who have not been beyond the confines of a limited area, could pay a visit to western Canada and see this new Canadian who has developed there. If the people of the west and the people of the east could mingle a little more than they do at present, it would do much to bring about that closer understanding which I am desirous of seeing accomplished. It is with this type of new Canadian that Their Majesties the King and the Queen will shortly sojourn. Speaking for the people of the west, whom I know so well and intimately, may I say that no section of the Canadian people will give a more warm-hearted welcome to their majesties than the new Canadians of western Canada.

We are living in a chaotic world, a paradoxical world. We are living in an age of inventive genius, and yet we see all around us so much misunderstanding and disharmony among the various peoples. One almost begins to despair of what is commonly called modern civilization. When I was a boy my parents had no fear when I crossed the road to go to school because there were no fast moving vehicles that made it dangerous for a child to cross the street. The fastest moving thing we had at that time was the ordinary horse and buggy, or perhaps one of those old-

fashioned bicycles, to get upon the saddle of which it was almost necessary to mount to the housetop. Tremendous changes have since taken place. When I was attending school I can remember reading Jules Verne's famous book, Around the World in Eighty Days. I thought then what a marvellous thing it would be to travel around the world in eighty days; yet look at what the inventiveness of the human race has brought about in so short space of time. First we had the bicycle; then came the telephone, the phonograph, electricity, the motor car, and other fast moving machines such as the aeroplane, and so on. There is no limit to what inventive genius has been able to do, but so far apparently no one has been able to work out a formula by which this world with its welter of races and human beings can live together in understanding and a common brotherhood.

During the past few days there has been raised in this house the question of immigration and the question of the refugee. Representing as I do a constituency made up of a mixture of races, although it is preponderantly Anglo-Saxon, I feel I should be remiss in my duty if I did not make some statement with regard to these important questions, affecting as they do so many peoples, and touching principles with which I think most of the hon. members of this house are concerned.

So much, Mr. Speaker, has been said on this question of immigration that the facts, I believe, ought to be known and given consideration and prominence. Certain hon. members have been speaking of immigration and refugees as if they were one and the same problem, with the same meaning and the same implications. There is a great difference between immigration and the problem of refugees. No one to my knowledge has ever asked in these times for an influx of immigrants in the ordinary sense of the word. No one has even asked that the country should be flooded with refugees. In matters of this importance people should not make rash statements without ascertaining the facts; nor should they deal in generalities.

What are the facts? Early last year a delegation of members of this house met the Prime Minister (Mr. Mackenzie King) and discussed the question with him. Subsequently a subcommittee of the cabinet was appointed to consider the matter, and a number of the members of this house had an interview with the subcommittee. The members of the cabinet present—and I think I am entitled to make reference to this—were four members who had been designated as a subcommittee to deal with this important question: the minister in charge of immigration, the Minister of Mines and Resources (Mr. Crerar); the Minister of National Defence (Mr. Mackenzie); the Minister of National Revenue (Mr. Ilsley), and the Secretary of State (Mr. Rinfret).

What the delegation requested was that a reasonable number of refugees of all races and creeds be allowed to come forward to parts of Canada where it was considered most desirable that they should settle. The number suggested at the time was five thousand men, women and children—approximately one thousand to twelve hundred families. All the members of the subcommittee at the time appeared to me to be sympathetic, and the members of the delegation present were prepared to give proper undertakings that none of the refugees would become a public charge. The number for which entry was requested was extremely small, in view of the need, but we felt that our government should show its sympathy in the matter; and to permit refugees to enter Canada and be freed from political, religious or racial persecution was in strict accord with historic Liberal principles.

But, sir, a new phase has now been injected into the problem. Everyone who has kept himself informed as to recent events cannot help extending sympathy to the refugees for the plight in which they find themselves, whatever their race or creed may be. Never in the history of mankind have human beings been treated so barbarously as they are being treated at the present time by fascist powers. Men, women and children, families which have been rooted for centuries in the land in which they lived, have been deprived and robbed of everything they possessed and ordered to leave the country, their only crime being that their racial origin or religious beliefs were distasteful to the powers that be or their democratic principles unwelcome in totalitarian states. The pitiful plight of all these people has aroused international concern. Almost every civilized country has definitely taken sympathetic action. Canada as yet has not done so, and I should like to see her take her rightful place with other democratic countries and show her sympathy in a practical manner. Great Britain, France, Holland, Australia and many other countries are giving asylum to tens of thousands of refugees, and in no place, to my knowledge, have they been a burden to the governments that have received them.

In regard to employment it might be well to mention that lately Sir Samuel Hoare said that in England eleven thousand refugees had given employment to fifteen thousand Englishmen. Speaking now with a knowledge of the conditions, and not from mere hearsay, I say that if our government had

shown the same sympathetic attitude on this question, the same conditions could have obtained here.

May I point out that the Right Hon. R. B. Bennett, speaking in Saint John, New Brunswick, only on Thursday last, said that we owed a debt of gratitude to these refugees and that we should accept our quota of them. There is in this country as a whole a very large body of opinion to the effect that the government should extend the hand of brotherhood and friendship to these people. It is they who have been the first victims of fascist tyranny and oppression; who knows who will be the next?

I make this plea on broad humanitarian grounds, not for any one sect or creed but for all victims of persecution. It pained me last week, Mr. Speaker, to hear hon. members deny the plea of the refugee to the right of asylum. It seemed so inhuman. I am in a sense proud to have this opportunity of making such a plea and in a humble way to follow the teaching of ancient and modern religious thought so beautifully expressed in the words, "Do unto others as ye would have them do unto you;" and if I may be permitted to add one further quotation familiar to us all, let us if possible have peace on earth, goodwill towards men.

I have no desire to follow at length this line of argument, but I do wish to call attention to certain remarks that were made in Montreal on the twentieth of this month by the Secretary of State. I quote his words as reported in the Montreal *Gazette*:

> Despite all sentiments of humanity, so long as Canada has an unemployment problem there will be no "open door" for political refugees here, Hon. Fernand Rinfret, Secretary of State, declared last night in an address before the St. James Young Liberals Association.
>
> The government of Canada, Mr. Rinfret said, has decided to date that restrictions on immigration from foreign countries are to be maintained. There is no intention, he added, to diminish those restrictions and as long as there is an unemployment problem the government will be opposed to doing so. "This is not only my personal opinion," the Secretary of State said, "but the policy of the government to which I belong."

Possibly with a cheering and admiring audience the minister's enthusiasm ran away with his discretion, as so very often happens. My criticism in the first place is that it is a most unusual procedure for a cabinet minister to declare the government policy at a meeting in a constituency, especially when it relates to a department not under his control. Further, and of more importance, any statement of government policy should be made on the floor of the house itself, and particularly so when the house is in session. I have already referred to the fact that the Secretary of State was a member of the subcommittee, had been present at a meeting with members of the house and knew what the actual requests were. He knew that no request had ever been made from any responsible source for a policy of the "open door" in regard to immigration, or even in respect to refugees. Such being the case the minister has, to say the least, been guilty of misstating the facts, and has created a wholly erroneous impression amongst his followers. Already many of his supporters from Quebec have taken the cue from the speech of the minister and have drawn inferences which are wholly incorrect and not in accordance with the facts. Statements have been made in the house which tend to create discord between the different races in Canada. It is exactly this kind of talk that is not desirable in the dominion at the present time. Anything which tends to create discord among our people is an obstacle to real progress.

A recent statement made within the past few weeks on behalf of His Holiness the Pope may appropriately be quoted at this point:

> The thoughts and feelings of the holy Father Pope Pius XI will be correctly interpreted by declaring that he looks with human and Christian approval on every effort to show charity and to give effective assistance to all those who are innocent victims in these sad times of distress.

Thus the head of the great Roman Catholic church joins with other Christian leaders in a plea for aid to the victims of cruelty such as the world has seldom seen.

The first few words that the Secretary of State used were these: "Despite all sentiments of humanity." I can hardly believe that anyone could have used language which sounds so harsh and brutal; yet it is given as a statement of government policy. Am I to assume that the government as a whole are devoid of sentiments of humanity? I can hardly believe such to be the case; it seems almost libellous on some members of the government whom I know. I do not think there is a more humane and considerate member in this chamber than the Prime Minister. I have met him under all sorts of conditions, and I know his kindliness and thoughtfulness for others. For a cabinet minister to claim that the members of the cabinet are devoid of all human sentiments is a rash statement which I think cannot go unchallenged.

Mr. MACKENZIE KING: The Secretary of State is not here at present, but I cannot imagine his having made a statement of that

kind. I think there must be some misinterpretation of the words or the meaning of them.

Mr. HEAPS: Let me read from the Montreal *Gazette*. The very first words in the news item are:

> Despite all sentiments of humanity, so long as Canada has an unemployment problem there will be no "open door" for political refugees here—

Mr. LAPOINTE (Quebec East): That is not what the hon. member was saying.

Mr. HEAPS: I quoted the whole item at first, and then I referred to that particular part. I think I was absolutely fair in my remarks; I did not take one sentence out of its context.

Mr. LAPOINTE (Quebec East): If my hon. friend will permit, he said the Secretary of State had said that the government have no sentiments of humanity. What the Secretary of State said was just the contrary—although we have these sentiments, so long as there is unemployment, and so on. That is quite different.

Mr. HEAPS: No, I adhere to what I said. According to this news item, the Secretary of State started off by saying, "despite all sentiments of humanity," and then declared that he was speaking for the government.

Mr. MACKENZIE KING: May I say to my hon. friend that I imagine that the passage he has read is a translation of what the Secretary of State said. I should think the minister must in the first instance have said something about sentiments of humanity calling for a certain course of action, and he may have gone on to say that despite those sentiments of humanity certain things could not be done. The thing he referred to as not being possible was the open door, something very different from not considering a settlement in the best possible way short of an open door.

Mr. HEAPS: I can only go by the press reports. I have read the report several times. It would have been better had the minister left out all questions of sentiment in discussing the matter. Perhaps at another time the minister might explain in the house his own words. But it seems strange that on a question of this kind the Secretary of State should go to Montreal and declare the government's policy. Why should not the government's policy be declared in this house, so that there would be no misunderstanding? If the Prime Minister, as I suggested, wishes to declare a policy on this very difficult problem I think there is no doubt he could choose whatever time he desired for doing so.

Mr. LAPOINTE (Quebec East): Perhaps my hon. friend might also wait until the Secretary of State is here to listen to the charges.

Mr. HEAPS: It is not my fault that he is not here; it is his fault. I think it is the custom when the orders of the day are called for all ministers to be in their places, and to-day I did not see the Secretary of State in his place at all.

Mr. LAPOINTE (Quebec East): Of course they are slaves.

Mr. HEAPS: Had the Secretary of State been in his place to-day I would have notified him of my intention to deal with this question. I am glad however that the Prime Minister feels that an error has been made by the Secretary of State—

Some hon. MEMBERS: No, no.

Mr. HEAPS: Oh, he cannot get away from these things. I am satisfied from the way so many of his supporters took up the cue that this report in the Montreal *Gazette* must be substantially correct. I do not believe that a paper like the Montreal *Gazette*, which is very fair in its news reports, would go out of its way to concoct a story on its own account.

Mr. LAPOINTE (Quebec East): My friend has not always been such a friend of the Montreal *Gazette*.

Mr. HEAPS: I said so far as its news columns are concerned. I have never complained about its news reports.

I do not intend to spend the whole of my time on this particular question of refugees. What I have to say may be condensed into a few words. I hope that hon. members of this house, irrespective of race, creed or political conviction, will use their influence in the direction of a better understanding among all sections of the Canadian people. I know how political parties sometimes function; I realize that in the past issues were raised on which it was felt one party might obtain an advantage over the other. But where common humanity calls for action I hope that no group will try to exploit the issue. In order to avoid any such possibility I suggest that the Prime Minister and the leader of the opposition should get together. They could also if they wished call in the leader of the Cooperative Commonwealth Federation group, who represents a fairly large body of opinion in this country, and also the leader of the Social Credit group. The Prime Minister might make a statement to the house respecting the matter. I am of

the opinion that such a method of approach to the refugee question would eliminate any fear of political advantage to one party or the other.

It has been stated further that labour is hostile to the admission of refugees to Canada, but I believe that generally speaking the assertion is entirely erroneous. First of all let me quote from a statement that was submitted to the dominion government on January 6 by the All-Canadian Congress of Labour. At page 15 of their submission this is what they say:

> In the meantime, however, the plight of the refugees in Europe is forcing itself upon public attention, and, if only because the problem has become intensified by the invasion of Czechoslovakia, which was permitted by the Munich agreement and which at least postponed the sacrifice of hundreds of thousands of young Canadians, the waste of enormous material wealth, and the piling up of an unbearable burden of debt, Canada is believed to be under a moral obligation to cooperate fully with all international bodies which are trying to relieve the situation, and also to provide a place of refuge within her own borders for an appreciable number of these refugees.
>
> Even if it were necessary to maintain these immigrants, the cost to the nation would be infinitesimal in comparison with what war would have cost. The Congress therefore joins with the many Canadian citizens who have given this question careful consideration in urging that the government present to the forthcoming session of parliament such amendments to the Immigration Act as will permit the admission of refugees, under adequate safeguards as to number, occupation, or other conditions, and that it will assist in every possible way in the attempts which are being made to lessen the suffering of these unfortunate victims of inhuman and relentless persecution. It is felt, however, that any efforts to assist refugees should not involve trade or financial concessions to governments which hold refugees for ransom.

Let me go a step further.

Mr. MACKENZIE KING: Before my hon. friend goes any further, may I ask whether he has what the dominion trades and labour congress had to say on the same subject?

Mr. HEAPS: I was going to refer to that, and I am glad that the right hon. gentleman has asked the question. So far as the Trades and Labour Congress of Canada is concerned, in the last year it has taken identically the same stand on the question of immigration—

Mr. MACKENZIE KING: What is that?

Mr. HEAPS: —but it has not made any pronouncement at all on the question of refugees; and knowing as I do, the members of that congress and those that are affiliated with them, knowing their sentiments as I do —and I do not speak from mere hearsay—I can tell the government from my place in this chamber that I do not believe there would be any objection from that organization if the government permitted a reasonable number of refugees to enter Canada.

Mr. MACKENZIE KING: I was present at the time the congress made their representations to the government and my recollection is that in their presentation they stated emphatically that while there was unemployment they did not wish to have any immigration of any kind into Canada.

Mr. HEAPS: But I have had this question under consideration more recently with many people closely associated with the congress.

Mr. LAPOINTE (Quebec East): It is only three weeks ago that they told us that.

Mr. HEAPS: The Prime Minister is mixing the question of immigration with the question of refugees.

Mr. REID: They are immigrants just the same.

Mr. HEAPS: There is a difference between the two. The appeal on behalf of refugees is made on purely humanitarian grounds to allow people who are fleeing from persecution to come in, to give them the right of asylum, that old historic Liberal principle vindicated by men like Gladstone and Sir Henry Campbell Bannerman. I remember when certain refugees found it necessary to flee from Russia and obtained asylum in Britain. This was in 1905, and who was it that welcomed them? None other than the prime minister of Great Britain himself. And to-day, if I make a plea in this chamber for refugees of all races and creeds, I am at least appealing to the same liberal sentiments on the part of hon. gentlemen who now occupy the treasury benches.

In this group over here we are as well acquainted with the labour movement in Canada as are hon. gentlemen opposite. I have been associated with it for a considerable number of years and I still have the support of the members of these organizations. In fact, ninety-five per cent of the people in my constituency are working people, and I know that no working man or woman of any race or creed would object to the influx of a reasonable number of refugees as a humanitarian act at this particular time. I venture to assert that if reference were made to those people who to-day are functioning as the executive of the trades and labour congress and other officials of the trade councils across the country, there would be found, generally speaking, no objection to refugees being

allowed to come here in reasonable numbers. I know whereof I speak when I make this statement.

I will now leave the question of refugees, having dealt with it longer than I intended, thanks to interjections from the opposite side.

The Secretary of State, probably in the exuberance of the moment or encouraged by the plaudits of his audience, also made reference to the unemployment situation. Let me quote from the Montreal *Star*:

> He pointed out that the federal government was ready to assume the cost of unemployment insurance for the whole dominion, but the main obstacle was opposition from the government of Quebec.

I would ask either the Prime Minister or the Minister of Labour whether that is a statement of fact, whether the dominion government is prepared to assume the whole cost of unemployment insurance in Canada, as reported in the Montreal *Star* of January 21, and purporting to give what was stated in Montreal by the Secretary of State. I do not know whether on this question he spoke on behalf of the government, and when I read it I wondered whether it was a new government policy being enunciated in Montreal. I suggest that the next time any minister of the crown is delegated to declare government policy it might be a wiser thing to have that policy declared from the floor of the house where hon. members can hear it and *Hansard* can take it down.

Mr. ROGERS: Has the hon. gentleman the statement that was made there?

Mr. HEAPS: I have just quoted from the Montreal *Star*.

Mr. ROGERS: Read the statement on unemployment insurance.

Mr. HEAPS: I will read again what the Secretary of State is reported to have said:

> He pointed out that the federal government was ready to assume the cost of unemployment insurance for the whole dominion, but the main obstacle was opposition from the government of Quebec.

I wish to know whether that is a policy of the government, that is all.

Mr. MACKENZIE KING: The policy of the government with respect to unemployment insurance has been that as soon as this government receives power to deal with unemployment insurance as a federal matter the government is prepared to take over the entire cost of unemployment insurance—

Mr. HEAPS: The Prime Minister is getting into a little difficulty.

Mr. MACKENZIE KING: —apart from any contribution from any province at all.

[Mr. Heaps.]

Mr. HEAPS: That is qualifying the statement as contained in this paper.

Mr. MACKENZIE KING: Under a contributory scheme of course.

Mr. HEAPS: But before the Prime Minister made the qualification it was stated that the government was prepared to assume the whole cost of a federal unemployment insurance scheme. That is what the Secretary of State said in this item, and that is what I want to find out.

Mr. MACKENZIE KING: The Secretary of State was evidently referring to the situation as between the provinces and the dominion.

Mr. HEAPS: What he said is obvious. He was probably playing a little bit of politics.

Mr. LAPOINTE (Quebec East): Why does not my hon. friend wait until the Secretary of State is here? I give him my word of honour that if I had to attack him I would wait until he was in his seat—and very often, he himself is not in his seat.

Mr. HEAPS: On Friday I was scheduled to speak to-day and we were talking about closing the debate to-morrow. I did not know whether the Secretary of State would be here, and if I did not get my turn to-day, I might not get it to-morrow.

Mr. LAPOINTE (Quebec East): Did my hon. friend tell him that he was going to lay a charge against him?

Mr. HEAPS: This is not a charge.

Mr. LAPOINTE (Quebec East): It is, based on the Montreal *Star* and the Montreal *Gazette*—

Mr. HEAPS: But that is not a charge. I am not making an insinuation.

Mr. LAPOINTE (Quebec East): —strong C.C.F. newspapers.

Mr. HEAPS: I have never heard such childish remarks coming from the right hon. Minister of Justice (Mr. Lapointe). I am surprised at him.

Mr. LAPOINTE (Quebec East): Reciprocity.

Mr. HEAPS: Thank you. To say I am making a charge against an hon. member of this house when I quote from a responsible newspaper what that hon. member is supposed to have said—

Mr. LAPOINTE (Quebec East): I say it is unfair comment.

Mr. HEAPS: The Minister of Justice says it is a charge because I am quoting from a newspaper. In other words any hon. member of this house who quotes what another hon. member is reported to have said is guilty of making a charge.

Mr. LAPOINTE (Quebec East): Make it unfair comment.

Mr. HEAPS: Then we will say it is comment, according to my right hon. friend; even say it is unfair comment. It cannot be said that it is a charge. All I am trying to find out is whether this is government policy. Now I am told that the policy of the government is not what is purported to have been said by the Secretary of State, although the Secretary of State claimed to be speaking on behalf of the government at that meeting.

I am interested in the unemployment situation, and because of that I felt constrained to refer to this item appearing in a newspaper purporting to contain the remarks of a minister speaking for the crown. We have had an unemployment situation in this country since away back in 1930, and only a few days ago we heard the Minister of Labour talk about what the government have done for unemployment in this country. He was enthusiastic with regard to the achievements of the government in coping with the situation, and that was what I wanted to deal with principally this afternoon if time had permitted.

I find that in November, 1935, when the government came into power, we had 423,000 persons who were unemployed—that is according to the bureau of statistics. In November, 1938, exactly three years later, the number of unemployed according to the same authority was 398,000, or a drop of about 25,000 in that period of time.

Mr. ROGERS: I suppose the hon. gentleman would acknowledge that in each of those three years the actual number of wage earners in this country would have been increased by the entry into the wage earning group of those who were not within that group previously?

Mr. HEAPS: That is perfectly correct, but does the Minister of Labour realize how many people returned to the old country during that period of time?

Mr. ROGERS: Does my hon. friend know?

Mr. HEAPS: No. Would the minister expect me to know when the government does not know?

Mr. ROGERS: Does my hon. friend seriously suggest that the number would be in the thousands?

Mr. HEAPS: Yes; some people put it at many, many thousands, yet there has been a drop of only 25,000 in that period of time in spite of all the efforts of the government. Then may I go a step further on that very point. Supposing my hon. friend the Minister of Labour, who held a very responsible and honoured position at Queen's university and who is a keen student of economics, had a group of students with whom he was discussing the unemployment situation, altogether apart from political considerations. What would he say about the period from 1930 to 1938? Undoubtedly he would tell his students that starting in 1930 there was a downward curve of industry in this country which reached its bottom in 1933; and that from 1933 there was a rise in employment, an increase in trade activities, which reached its peak in 1937. I know that is what he would tell his students; that is what any economist would say. What does that mean? It means that this period cut right across governments, whether they were Liberal or Conservative.

Mr. SPEAKER: Order. I am sorry, but the hon. member has exhausted his time.

Some hon. MEMBERS: Go on.

Mr. HEAPS: I do not wish to take up more than my time, because I know there are many other hon. members who are anxious to speak. We will have other opportunities of dealing with this question.

Mr. SPEAKER: If the hon. member has the unanimous consent of the house—

Some hon. MEMBERS: Yes.

Mr. HEAPS: I will conclude, Mr. Speaker. I know other opportunities will be afforded before very long to discuss this question of unemployment, as I have discussed it in previous years. But this parliament cannot ignore this very important fact, that of all the questions that confront us the most important are these questions of unemployment and the plight of our youth. I am pleased that the government have taken steps to deal with the youth problem; but as the minister stated in reply to the leader of the opposition, even if a minister were appointed in charge of youth that would not of necessity provide employment. But the other steps the government have taken as yet have not been able to provide more employment, and in my opinion the only way to deal with the problem is by so readjusting our economic conditions

that both young and older people will have an opportunity to become self-respecting citizens.

I want to thank you, Mr. Speaker, and the house for the courtesy in giving me these extra few minutes.

Hon. H. A. STEWART (Leeds): Mr. Speaker, the hon. member for Winnipeg North (Mr. Heaps), who has just taken his seat, always makes a useful contribution to the debates of this house, and this occasion is no exception. He has brought forward the subject of immigration and the kindred subject of some haven for refugees. The absence from the speech from the throne of any statement whatever in connection with a matter of such importance to this country as immigration is, I think, a fair matter for comment. Of course the subject presents a contentious and difficult question. There can be no doubt, however, that the immigration policy followed, we will say, from 1925 to 1930 contributed in very large measure to the serious problem of unemployment we found in this country in 1930. There can be no doubt, further, that there is room in Canada for a class of selected immigrants who will be able to make their own way, who will be able to sustain themselves and contribute to the solution of the problems of this country.

The debate on the address in reply to the speech from the throne affords members of this house an opportunity for general discussion of the problems of Canada and of conditions as they find them in their constituencies. It provides an opportunity to advance suggestions for improvement as well as to offer criticism of the policies of the government, and gives the individual member a chance to bring to the attention of the house and of the government local conditions and problems in his own constituency or locality. Before discussing the speech from the throne, the address in reply, the amendment and the subamendment thereto, I desire to deal briefly with a matter of importance to the constituency and that part of the dominion from which I come. I have referred to it on previous occasions. It is not a matter of purely local importance, but one of wider significance.

Last August the Prime Minister of Canada and the President of the United States united in a very interesting ceremony in connection with the formal opening of an international bridge. Prior to the ceremony which took place at the bridge itself an honorary degree had been conferred upon the president by Queen's university, and on that occasion interesting addresses were delivered by the president and the prime minister. The occasion was one of unusual importance. Expressions of friendship and goodwill were mutual, and the president took advantage of the opportunity to make a declaration of policy on behalf of the United States which was in advance of anything which had been stated previously in that connection. I heard the president say that the United States would not stand idly by and see any alien or foreign force invade the soil of Canada. It was an expression of goodwill which was appreciated, and it was acknowledged by the prime minister.

The bridge, the occasion for the ceremony, crosses the St. Lawrence river through the heart of the Thousand islands. It is not an ordinary bridge but is unique in that it consists of a series of bridges, there being a distance of about six miles between one bridgehead and the other. Use has been made of the islands in the intervening spaces.

Since the opening of the bridge nearly 100,000 motor cars have passed over it. At the date of opening the roadways were not complete; in fact they are not yet entirely completed. It has been said, and I think truthfully, that within a radius of three hundred miles from the bridge live one-third of the population of Canada and one-fourth of the population of the United States. This is a striking statement, and I make it simply to show the possibilities in the development of tourist traffic at this point. The amount of traffic has been beyond expectations, and is capable of great development.

The suggestion has been made that a national park should be established at the bridgehead on the Canadian side. Local committees have been set up to promote this undertaking. From time to time representations have been made. We are told the general policy of the dominion with respect to parks is that the province must acquire the land and turn it over to the dominion, and the dominion assumes responsibility for maintenance and development. There are however a few exceptions to the practice—perhaps not many. In some cases the dominion has acquired directly, either by expropriation or through purchase, certain lands for park purposes, as shown by a return brought down last session following the adoption of a motion I placed on the order paper.

The Prime Minister (Mr. Mackenzie King), the Minister of Labour (Mr. Rogers) and the Minister of Mines and Resources (Mr. Crerar) are thoroughly familiar with the conditions in the area I have mentioned. They have all visited it, and have information on the subject. A local committee has been formed, of which Mr. J. G. Mitchell,

of Lansdowne, is chairman. Mr. Mitchell, was very active and influential in urging construction of the bridge and in a very large measure contributed to the undertaking. In company with others he and his committee are now interested in the area about Gananoque, as far west as Kingston and as far east as Brockville, as to the possibilities offered for the establishment of a park.

I take this opportunity to impress upon the government, and particularly upon the Minister of Mines and Resources, under whose jurisdiction a park would come, and the Minister of Labour, who represents that part of the province, the desirability of taking some action towards acquiring land for the establishment of the park. If action is not taken in the near future values will be created and buildings of an undesirable type, from a scenic standpoint, will be constructed, with the result that to some extent at least the natural beauty will be destroyed. Values will be created which do not now exist, and, if action is not taken, in the end the government will be forced to pay a much larger sum to acquire land which, in the interests of the people of Canada, should be acquired for park purposes.

Let me urge upon the government and particularly upon the responsible ministers the necessity for action at this session; otherwise it will be too late and the costs will be very much increased. I urge the point not from any narrow local viewpoint or only from the standpoint of the constituency, but for the purpose of promoting tourist traffic.

The proposed visit of their majesties recalls the coronation of 1937. The impression made upon those who were privileged to attend, and upon the world at large, was very striking and beneficial. We were convinced that we were members of one family, one partnership, and we were reminded of the importance and the value of that association. We continue to appreciate all these advantages, but I fear that sometimes we shrink from sharing the responsibilities that relationship involves. We emphasize our rights, privileges and advantages, and we minimize our duties and responsibilities. We must be prepared to share responsibilities as well as advantages.

The banquet in Westminster Hall, which was attended by the Prime Minister, the Minister of Justice, other representatives of Canada at the empire conference and the members of the delegation of the Empire Parliamentary Association, was an interesting and historic occasion. The king responded in person to the toast to the health of his majesty. I believe that that was the first time that anything of that kind occurred. The thanks of those present were expressed eloquently and appropriately by the speaker of the House of Commons of Great Britain and by you, Mr. Speaker, representing the overseas delegates. We were all very proud and happy on that occasion, which was one of deep significance. Following the enactment of the statute of Westminster the relationship of Canada to the crown became a little different from what it had been before. The action of his majesty on that occasion showed an appreciation of that change and a disposition on his part to come close to the representatives of his people, whether they resided in a dominion or in a colony.

The visit of their majesties to Canada is a further manifestation of that disposition toward their subjects. The conclusion to be drawn from it is that the throne is not aloof or afar off, that it is not an institution above and apart from the people; it is set up in the midst of the peoples of the empire. We have an indication of their majesties' sympathies and desire to cooperate and live in the bonds of deepest affection and sympathy with their subjects throughout the empire. In the British commonwealth of nations the king reigns, but the people rule. We have a splendid manifestation of those democratic principles which we value so highly. I know that on the occasion of this visit the people of Canada will express their appreciation to the fullest extent. It is to be regretted that the visit of their majesties is to be so short, and that many people will not be able to see them. Their visit to the United States also has significance. It will tend to create a greater measure of understanding between the two democracies and a clearer appreciation of their common objectives and purposes.

The speech from the throne refers to the trade agreement recently negotiated between Canada and the United States. This agreement will be discussed fully and in detail at the proper time when the resolution and the bill are before us. The Prime Minister referred to the sequence of events leading up to the negotiation of this treaty. He did not go back very far. As I recall it, he went back only to 1935, when the previous trade agreement between Canada and the United States was negotiated. I hope that during the debate on the resolution and the bill we will have an opportunity of going back farther than 1935. It would be very interesting indeed if we had the time to go back to 1896 and trace the development of trade from that time on.

There seems to be a disposition on the part of some hon. members on the other side of the house to create an impression that we on this side, particularly the members of the Conservative group, have no appreciation of the value of trade. Listening to some of the speeches one would think that we were entirely oblivious to or ignorant of the advantages of trade and that some appreciation of them had suddenly dawned upon hon. gentlemen opposite. One would think the government had suddenly discovered a new method of promoting trade and that nothing that amounted to very much had been done in the past in that connection. The history of trade in Canada proves that to be inaccurate and misleading.

It would be very interesting to review the history of trade from 1921 to 1930 and to find out why the markets of the United States and many other countries were practically closed to Canada during that time. It would be interesting to find out why the Hawley-Smoot and Underwood tariffs were erected against us in the United States. Falling revenues, adverse balances and severe unemployment settled down as a cloud all over the dominion in 1930. Why was not the remedy of trade for those conditions found prior to that time? Then we come to 1932 at which time we find a lively appreciation of the conditions that existed in this country on the part of the government of that day. They realized the necessity of extending markets and developing trade, and successful efforts were made along those lines which resulted in the negotiation of the empire trade agreements.

Looking at what happened from this distance I am sure that the unprejudiced and unbiased opinion of all in this house must be that those agreements materially and substantially contributed to the prosperity that started in 1933 and continued through 1934, 1935, 1936 and 1937. It was down a little in 1938. All this proves undoubtedly that at that time, as always, there was a lively appreciation of the importance of trade and a disposition to promote trade. There was a desire to make trade agreements wherever and whenever possible, provided they could be made on fair terms without sacrificing the interests of Canada.

Following the 1932 empire trade agreements we found a change in the attitude of the United States toward this dominion. They were much more disposed to negotiate and enter into trade agreements. In fact, when the Prime Minister went to Washington in 1935, immediately following his election and the election of his friends, he found that great progress had been made in the negotiation of a treaty between Canada and the United States. So much work had been done that it took him only a few days to close up the transaction; and he will be able to tell us later, as he has done on former occasions, of the negotiations that led up to the completion of that agreement. He was very anxious to conclude it, and perhaps we are justified in assuming that because of his anxiety he made certain concessions at that time which were refused prior to the time he came into office, and that it was because of those concessions, which could not be secured by the United States prior to the Prime Minister's visit to Washington, that the completion of that agreement was possible in 1935. However, the signatures were put on the dotted line, and the result has been, so far as Canada is concerned, an adverse balance of trade.

The Minister of Trade and Commerce (Mr. Euler) in his address to this house the other day, said in reviewing trade statistics that Canada had a favourable balance of trade with every country in the world except Italy and the United States. I suggest it is not unfair or unreasonable for the people of Canada to expect that they should have a favourable balance of trade with the United States when we have it practically with the rest of the world. When there are in that country 120,000,000 of people to purchase our products, and a much smaller number in these other countries, I do suggest to you, Mr. Speaker, that it is not unreasonable for Canada to expect that we should have a favourable rather than unfavourable balance of trade with the United States.

It is difficult for a private member to analyse and come to a definite conclusion as to the effects of a trade agreement such as the one that will be submitted to us, because the schedules are complicated, and items of the former tariff have been broken up and separated. But when the agreement comes before the house in the committee stage I trust that the Minister of Finance (Mr. Dunning) will be prepared to give the details of exports and imports of the various items, and to correlate the items of the agreement with the old tariff and with the items of the agreement of 1935. It will undoubtedly be found that there are in this new agreement some advantages here and there; it will also undoubtedly be found that there are some disadvantages in it; and it will be the duty of members of this house, representing their own constituencies, particular districts and particular interests, to weigh the advantages and disadvantages one against the other, and come to a conclusion. But there is one conclusion that we can come to safely, and that is that the completion of this agreement, whatever

other results it may have, will result in increased unemployment in the Dominion of Canada.

Mr. MacNICOL: There is no doubt about that.

Mr. STEWART: I suggest, Mr. Speaker, that we are now giving concessions for concessions which we are getting from the United States, and which concessions we should have secured in 1935 for the concessions we then gave.

Much has been said on the question of unemployment, and I can add very little to the enormous volume of criticism that has already been expressed in this house. The undertone of speeches even of the supporters of the government has, with very few exceptions, been one of disappointment, an expression of failure, and the hope that something may be done to improve conditions. It has been pointed out that the promises that were made in this connection have not been fulfilled. What about the commission that was to have administered unemployment relief? It has not materialized. Trade expansion, so far as there has been any, has failed to solve the problem of unemployment. Our young people have not been set to work.

I want to refer particularly with one group of unemployed, the transients. A plan of dealing with this class was adopted by the former government by the establishment of relief camps. It was never contended, Mr. Speaker, that that was the ideal solution, but it was an effort to do something at least for these helpless, homeless, hopeless people who were roving over the Dominion of Canada from coast to coast, riding on freight trains, travelling up and down the highways, homeless in every sense of the word. The municipalities would not recognize them; the provinces disclaimed responsibility. So the dominion government of that day said: This is a problem with which we should deal; we will establish places where these poor helpless and homeless men can be provided with food, clothing, shelter and medical attendance until they find work.

Some agitation grew up inside the camps; but worse still, the political agitation in this house and outside of it became so strong that, purely for political purposes, the opposition of that day determined to destroy the usefulness of those camps, and they succeeded. When they came into office they abolished them, as they had said they would do, but they failed to provide any substitute. Since then these people have been wandering over the country, giving trouble in the municipalities, begging, getting into prison and all sorts of trouble. This government has particularly failed in recognizing its responsibility and its duty to the municipalities, to the provinces and to this group of unemployed. The Minister of Labour on one or two occasions intimated that camps might be reestablished, on a different basis. I suggest to him in good faith that he consider doing that now. He asked for suggestions, and has been given many in this house. Even the suggestions and recommendations of the employment commission have not been adopted. I have perhaps no reason to hope that he will adopt any suggestion of mine on this occasion, however I give it to him for what it is worth and in good faith.

I suggest that even at this late date—and it is three years too late—he reestablish the camps for these single homeless friendless men. Let him establish them on any condition that he likes. If the camps that were established were not on a sound and proper basis, surely he can devise some other basis. Surely he can find something better than public buildings in which to shelter these men. I suggest that, having established the camps, the men be taken into them, cared for, trained and strengthened, and that work be found for them. Let me suggest one way of finding work, namely that the government embark upon a program of building secondary roads throughout the dominion. The trans-Canada highway of course must be completed, but there are thousands of miles of secondary roads in Ontario and other provinces that are in bad condition. These unemployed in the different localities could be set to work, and as far as necessary drafts could be made from the central camps of small mobile units of trained men for the purpose of improving the highways throughout the province.

Many excuses are given for the continuance of unemployment. They say the attitude of the provinces is hostile, we have not had the measure of cooperation that we should have had, there have been crop failures, and all the other excuses outlined in the speech from the throne. We did not hear of these between 1930 and 1935, although the same causes were there in just as aggravated a form, or more so than at present. But then everything was blamed, not upon drought or any other causes, but upon the tariff policies of the Bennett government.

Mr. DEPUTY SPEAKER: Order. I regret to interrupt the hon. member, but his time has expired.

Mr. STEWART: I am sorry, but I do not desire to trespass upon the rule. I shall take

advantage of some other occasion to give expression to some of the thoughts and ideas that I have in my notes.

I propose to vote for the amendment proposed by my leader, because I am convinced that it exactly expresses the sentiments of the great majority of the people of Canada to-day.

Mr. MALCOLM McLEAN (Melfort): Mr. Speaker, I am sure that the hon. member for Leeds (Mr. Stewart) will not expect me to follow his remarks during the past forty minutes. I should like, however, to congratulate him on having at last got away from the mental attitude of his party in 1911 when they raised the cry of "No truck or trade with the Yankees."

Mr. STEWART: I never raised that cry. We never raised it.

Mr. McLEAN (Melfort): The hon. gentleman's party did so; to deny it is to fly into the face of history. The record is clear.

Mr. STEWART: Give it to us.

Mr. McLEAN (Melfort): I absolve my hon. friend, because I do not see how he, living so close to the boundary, and with the intelligence and kindness of disposition that he possesses, could have endorsed that cry.

Mr. STEWART: I never did.

Mr. McLEAN (Melfort): I accept the hon. gentleman's word, and I am glad that his party as well as himself appear to be getting away from that mental attitude, and to approve trade with the United States, under some conditions at least. But it is remarkable that the trade agreement which has done so much to help trade in this country during the past three years was so nearly ready for signing long before November, 1935, but yet had to wait until a new government, motivated by a new spirit, came into power, before being concluded, and was then signed within a few days. A good part of the trade which we are enjoying to-day arises out of that treaty signed three years ago.

The only other point in my hon. friend's speech that I propose to touch upon is the relief camps. I would say that the people of Canada were abundantly pleased that the relief camps were abolished. Contrast the situation where thousands of young men were cooped up in unwholesome and unhealthy surroundings at a cost to the government of $40 a month, with the plan of this government under which men go out to farms or other employment in wholesome and healthy surroundings and are doing some work at least to give them an appetite for their food.

Mr. PERLEY: On the highways.

Mr. McLEAN (Melfort): There is no need to go on the highways for lack of work under the scheme proposed by this government. On these farms men have an opportunity to earn their own living and get, in addition, $7.50 a month from the government of the province concerned and the government of Canada, and they have the satisfaction of knowing that they are doing something useful, and of living in wholesome surroundings. Who wants to go back to the twenty cents a day scheme, leading to conditions that brought about the riots, about which no one wants to think or speak, and which resulted in bloodshed in the capital city of Saskatchewan.

Mr. STEWART: That was not a camp.

Mr. McLEAN (Melfort): But the men were stirred to desperation by conditions in the camps. We cannot tie up large numbers of men in camps—

Mr. STEWART: They were not tied; they were free to come and go.

Mr. McLEAN (Melfort): They came, but apparently they were not free to go.

Mr. STEWART: Yes, they were free to go.

Mr. McLEAN (Melfort): When you keep men in camps like that without any useful work, they are bound to be discontented, and the same situation will always result. They lost their liberty and sense of opportunity and responsibility.

Mr. SPENCE: They were fed and cared for; that is more than the present government have done.

Mr. McLEAN (Melfort): That is all I intend to say about the address of my hon. friend.

An hon. MEMBER: It is more than enough.

Mr. McLEAN (Melfort): Why should I waste time in threshing old straw? Before passing on, I should like to offer my sincere congratulations to the hon. member for London (Mr. Manion) the leader of the opposition. I wish him sincerely all the success that is good for him.

Mr. MANION: How much will the hon. member give me?

Mr. McLEAN (Melfort): I do not know how much that will be; I cannot measure my hon. friend so as to put limits on it, but I know he will take it from me as sincerely as I offer it. On behalf of my con-

stituency as well as myself I express the hope that he will meet with all the success that he and his party deserve in rebuilding their prestige in this country. At this time also I wish to express my own satisfaction and that of the people of my constituency at seeing the Minister of Finance (Mr. Dunning) back in the house with a measure of strength and health. All the people of Canada, and particularly those of the province from which he came, watched with fear and later with sympathy during his illness; are gratified that his strength is returning, and sincerely hope that he will be able to go about his duties, and that in the months and years to come his old activity and energy, which were so great, will be restored.

I have heard hon. members in this house divide the speech from the throne into three parts, just as Julius Caesar divided Gaul. I intend to divide my remarks into three parts also, and I shall deal first with some of the claims set forth by certain hon. gentlemen opposite, because I think in some instances they have been less than fair to the province from which they come and less than fair to the government in power in Canada to-day. If I present to them my view of the truth, I hope that they will not be unduly provoked but will themselves determine whether that view as I give it is a reasonable exposition of what might be called the truth.

First, I would refer to some remarks made by the hon. member for Winnipeg North Centre (Mr. Woodsworth), a gentleman whom I respect and whom I have known for a long time, but whose manner of showing up his own country and its institutions in the worst light is one that I cannot possibly commend. As reported at page 75 of *Hansard* of January 17, he read a letter from a school-teacher in Saskatchewan, and simply left it at that. This teacher made the statement that she received a cash salary of $18 a month. I do not know whether that is true or not. The hon. gentleman gave no particulars of the district concerned, so that it is difficult to trace the statement and ascertain its accuracy or otherwise. I do know, however, that the people of Saskatchewan in recent years have taxed themselves, through the education tax, to such an extent that their government to-day is able to do with their money what in recent years was done with money advanced by this government. The grant from the provincial government to a school district such as that in which the lady in question teaches, if it is an organized district, is $30 a month for a one-room school, and that alone would provide a higher salary.

Mr. DOUGLAS (Weyburn): Except that they do not get it.

Mr. McLEAN (Melfort): The hon. member for Weyburn (Mr. Douglas) and the hon. member for Rosetown-Biggar (Mr. Coldwell) know that is not true.

Mr. DOUGLAS (Weyburn): Yes, it is.

Mr. McLEAN (Melfort): The hon. gentleman knows it is not true.

Mr. DOUGLAS (Weyburn): Most certainly it is.

Mr. McLEAN (Melfort): This is the truth: The government accounts now, as at all times, are paid, but not promptly on the dot because certain formalities have to be observed and some delays are unavoidable. But the money is absolutely paid, and I defy my hon. friend to say on a platform in Saskatchewan that the grants are not paid. They may not be paid on the last day of the school term, but he knows they are being paid.

Mr. COLDWELL: But the teachers are not getting their salaries; that is the difficulty.

Mr. McLEAN (Melfort): If any teachers are not getting their salaries, the remedy for that grievance is for the teacher to take the matter up with the parents, and the parents with the board. Anyone who defames the people of Saskatchewan adds insult to injury if he says that the people of that province care so little for education that they will not see to it that their boards pay the teachers at least up to the limit of the grant which is provided.

Mr. COLDWELL: My hon. friend will agree that coal and other essentials have to be provided out of the grant and that only one-half of the Saskatchewan education tax goes for education.

Mr. McLEAN (Melfort): I have no objection to the hon. members explaining, but the more they explain the deeper they get into the mire. In addition to the grant, raised from $200 a year as it was under the friends of my hon. friend from Rosetown-Biggar—

Mr. COLDWELL: Not my friends.

Mr. McLEAN (Melfort): They are not his friends? Why, my hon. friend was one of the midwives that brought forth the cooperative government in a Regina hotel some years ago.

Mr. COLDWELL: I rise to a point of order. I would ask the hon. gentleman to be accurate in his statements. The Minister of Agriculture (Mr. Gardiner) has good reason to know that the statement just made is not accurate.

Mr. LAPOINTE (Quebec East): That is not a point of order.

Mr. COLDWELL: It is a question of truth.

Mr. McLEAN (Melfort): The hon. member says that in addition to the increased grant, which is now $30 per school month—and his leader said that this lady teacher received only $18—coal and other necessities are supplied to the school. This enables the school board to pay over the full amount of the grant.

Mr. COLDWELL: Out of the $30.

Mr. McLEAN (Melfort): No; coal supplies do not come out of the grant. My hon. friend spent a great deal of his time in lauding conditions in New Zealand. Ordinarily my answer to that would be, if I wanted to belittle him, to ask him whether he had ever been in New Zealand. I shall not ask him that question; it would not be fair or reasonable. I shall tell him, however, that if he went to New Zealand he would find, taking into account climatic conditions, natural resources, the nature of the people and other factors, that all these circumstances themselves account for the present situation in that dominion, and they have no reference to anything beneficial effected by a semi-socialist government elected a few months ago. As the hon. member for Huron North (Mr. Deachman) pointed out, when a change has been brought about in an economic system after that system has been in operation for a considerable time, and when wealth has been accumulated, it is easy to distribute that wealth and dissipate it, giving some appearance of prosperity for a little while. But that prosperity never lasts unless production is increased and marketing is put on a better basis.

Mr. COLDWELL: As it has been.

Mr. McLEAN (Melfort): That remains to be seen. Has production been increased?

Mr. COLDWELL: Yes.

Mr. McLEAN (Melfort): It must be borne in mind that there have not been crop failures in New Zealand as there have been in Saskatchewan, and that is one of the main circumstances which explain the state of affairs in that country to-day. Those are the reasons, and not the ones suggested by the hon. gentleman.

Let me now turn to the remarks of the hon. member for Qu'Appelle (Mr. Perley). This government, he declared, is known as the do-nothing government. All I can say is, any government that can carry out an alleged do-nothing policy and yet be instrumental in increasing the national income to the extent of three-quarters of a billion dollars per annum two years after their election is the sort of government that the people want. If, however, the hon. gentleman means by a do-something government that the government should be the sort of one that he and I have witnessed in recent years, with ministers junketing around at political banquets and picnics, burning up the highways at high speed, moving ceaselessly around so as to give one the impression of squirrels in a cage, under the delusion that motion is progress—if that is the kind of government he has in mind, then I tell him emphatically that it is not the kind of government the Canadian people want.

Mr. PERLEY: Tell the house how many trips your ministers made in the last six or eight months.

Mr. McLEAN (Melfort): If that were the issue I would tell the hon. member, but he can find out. The hon. gentleman did not tell us that he wrote to the departments at Regina responsible for the distribution of relief to inform them of conditions existing in the country if those conditions were not favourable. Oh, no. He confined himself to the details of a single court case in which his friend the leader of the Conservative party in Saskatchewan was one of the participants in the court proceedings, as he had a perfect right to be. Possibly the hon. member has from that source information to which I have not access. I would point out—and it is of the utmost importance—that friends in Ontario and Quebec, in the maritimes and other provinces, have in many instances, either out of their abundance or out of their little, contributed to help the people of western Canada in the time of dire distress which they have experienced in the past few years, and I wish to assure all such friends that what they contributed was not deliberately dissipated either by the government or by any of the authorities. It is true that mistakes were made and wrong was done, but it was as a result of checking up by the authorities that wrong-doing was discovered and some men are to-day expiating their crimes in gaol. It is unfortunate that this is so, but human nature being what it is, such things will always occur. It has been so under past governments and is likely to be so to some small extent in the future.

I wish to call the attention of the house to one or two other matters dealt with by the hon. member for Qu'Appelle. With reference to the question of wheat marketing he said:

The farmers of western Canada realize now that there must be some control of production, or at least some control of marketing. I am

not in favour of controlling acreage, but if I had the opportunity I think I could work out a scheme for controlling deliveries to the market. I had another resolution ready for the order paper—I do not suppose it will be reached this session—to the effect that the government should consider the advisability of amending the Canada Wheat Board Act to empower the board to control deliveries to it through a system of licensing producers to sell or deliver a given number of bushels per seeded acre, and that the permits to sell should be negotiable among the producers only.

I understand the meaning and implications of one of those sentences. The other I do not understand, and I am going to bring it to the attention of my hon. friend in order that he may elucidate it to the house at some later date. He is recommending that only a certain number of bushels per seeded acre could be sold. In other words, he is making a bid to keep the marginal lands under cultivation and to penalize the land with high crop returns. The land the dominion government wants to keep in use and under cultivation is the land he is willing to penalize by allowing only a certain number of bushels per seeded acre to be marketed. Surely that is too ridiculous for even a Conservative government to think of, assuming they had the opportunity to take such action. As to what he means by saying that the sale of these certificates should be permitted only among the producers, I am at a loss to know. I wonder if he is going to encourage some kind of speculation in dealing with these certificates. I leave him to answer that question at some later date; I simply draw the point to his attention now. There is one thing I want to thank him for. He said that after all he had seen, after all the years he had lived in the west, he was not a pessimist but was still an optimist in regard to the question of marketing of wheat. I thank him sincerely for that, because I have reason to believe he is on the right track in making that statement.

Mr. PERLEY: I feel quite sure my hon. friend will support my scheme when I have a chance to explain it.

Mr. McLEAN (Melfort): That will be fine. Then the hon. member for Weyburn took up a good deal of the time of the house in complaining about Canada and conditions within this country. He talked about defence and suggested graft, until the hon. member for Essex East (Mr. Martin) asked him where the evidence was. Then he withdrew the insinuation. But the fact is that he talked about it in this house; and if he had not been checked when he was, the hon. member would have been able to go out into the country and say he had dealt with the question of graft in the House of Commons and that his statements had gone uncontradicted. So I think it was well that the point was raised. My hon. friend complained a great deal because, he said, we were selling abroad a certain amount of material which might be used for munitions. He went on to say:

> But what right have we to ask the Canadian taxpayer to contribute between $50,000,000 and $60,000,000 a year for national defence, while at the same time we permit armament manufacturers in this dominion to send a steady stream of aeroplanes, munitions and war material to the very countries against which this government is asking us to arm ourselves?

I remember that two years ago, when a small increase was asked in the defence estimates, my hon. friends over there kept saying, "Against whom are we to arm?" The hon. member for Weyburn has found out; we are arming apparently against the people to whom we are sending a stream of munitions and armaments. My hon. friend nods his head. Well, perhaps I am not so well informed as he is, but I do not know of any country to which we have sent aeroplanes and streams of munitions that is likely to be in the field against Canada now or at any other time. If he refers to scrap-iron, nickel and matters of that kind, I think his attention should be drawn to the fact that to-day Canada has no monopoly on nickel and scrapiron. These commodities go into commerce and domestic trade everywhere, and it would be impossible for Canada to carry on business if it segregated or tied up its exports of nickel or scrap-iron to any country that might want those articles. It is true that an embargo could be placed against one or two countries; but at least my hon. friends have made some progress. They now know against whom we are arming.

Mr. DOUGLAS (Weyburn): I am sure the hon. member would not want to mislead the house—

Mr. McLEAN (Melfort): Certainly not, but I have the book right under my hand.

Mr. DOUGLAS (Weyburn): The hon. member directed a question to me, and I should like to answer him. If he does not wish me to do so, it is all right.

Mr. McLEAN (Melfort): I shall be pleased to answer a question, though that is greater courtesy than is usually shown me.

Mr. DOUGLAS (Weyburn): I asked the hon. member if he would allow me to ask a question. He asked a rhetorical question about the shipment of aeroplanes. I ask him if he has looked up the licences issued last year for the shipment of aeroplanes and

munitions to other countries. If he does so, he will find the answer to the statement I made.

Mr. McLEAN (Melfort): I cannot find any question to answer there. It has nothing at all to do with the matter; it is not relevant.

Then my hon. friend spoke about the reduction of farmers' incomes in Saskatchewan in 1937. Unquestionably the incomes of the farmers of that province decreased in 1937, but I submit that to anyone reading the record or listening to the hon. member the suggestion was left that in some way or another this government had something to do with those low incomes in that year. In 1937 there was no crop at all over a very wide area of the country. In that year the wheat crop accounted for less than one-third of the farmers' incomes; live stock accounted for about twenty per cent, and dairy and poultry products accounted for the balance. That condition was brought about because the sun shone too brightly and the winds were too warm, so that a great deal of that area was scorched. But the hon. member does not say that. Oh, no; the income of the farmers was low in 1937. Of course it was; but why not be fair about the matter and give in this house, where so many pleas have been made so often for assistance from other parts of Canada, the real reason why the crop was so short. I find in the Ottawa *Journal* of January 30 the following statement taken from the New York *Sun:*

> It is now reported that a deposit of nickel in Celebes island, Netherlands East Indies, is to be developed by a Holland corporation, and it may be significant that the metal is to be extracted by a new process worked out by the Krupp establishment in Germany.
>
> Twenty thousand tons of the Celebes ore were treated according to the new technique in the Krupp works in Germany and the results of the test are declared to have been "remarkably successful."

For years my hon. friends have been protesting against Canada selling nickel to European countries. They knew, or they should have known, that in Russia and other countries nickel was to be found, which could have been used but which was a little more expensive to treat than the Canadian nickel, but these countries could get it and use it if they wished to do so.

I should like to make just a brief reference to the time the hon. member for Weyburn spent on the McDaniel incident in Regina. He took unto himself the robes of the holy; he said, "We are a democratic party. We would not do things in that way." I want to tell him that the day after the last provincial election in Saskatchewan, which was held on June 8, in some constituencies where members of his party were elected their supporters were around the next day looking for the jobs that had been promised them before the election. The hon. member for Rosetown-Biggar shakes his head; nevertheless it is true.

Mr. DOUGLAS (Weyburn): Let us have the facts.

Mr. McLEAN (Melfort): I am giving the facts now.

Mr. DOUGLAS (Weyburn): That is not a fact; it is an insinuation.

Mr. McLEAN (Melfort): Some of my Liberal friends, remonstrating with some of my hon. friends' friends, said, "Why did you do a thing like that? You knew you could not carry out your promise." The answer was, "Yes; of course we knew that, but what do you suppose we were doing? We were out to get votes."

Mr. DOUGLAS (Weyburn): Give the facts.

Mr. McLEAN (Melfort): I believe that human nature among my Conservative and Liberal friends is no different from human nature among my Cooperative Commonwealth Federation friends, but the Conservative and Liberal parties have been in training long enough, in preparation long enough—

An hon. MEMBER: Too long.

Mr. McLEAN (Melfort): Too long in preparation? Well, I shall leave it to any hon. member if it would not have been better if some of my hon. friends opposite had taken a little longer in preparation before stepping in with the promises they made. Perhaps then they would not have made the mess of things that has, as a result, been brought about in the province from which the hon. member comes. The old parties, so-called, are democratic parties; democracy is the only new thing in political economy in the world, not the autocracies to which hon. members opposite aspire. The old parties have had experience in dealing with these matters, and they know better than to make too many rash promises they cannot carry out.

The hon. member for Weyburn listed the things his party stands for to-day. I notice they are quite different from the things his party stood for three years ago, but even with that difference it would cost this country billions of dollars to put those policies into effect, and no one knows what the full result

would be. As far as one is able to check them up the results would be disastrous, but to-day his party does not emphasize the things it emphasized on the platform just three years ago. They talk about taking over control of the monopolies. Why, three and four years ago theirs was a regular socialist song. They were going to take over the natural resources, the means of manufacturing, producing, transporting, and distributing the wealth produced from the primary sources of this country. They have changed their minds in the interval.

Among the pleasant things I have to look back to in parliamentary life, among the things of which I am proud in connection with my party is that when six years ago in the House of Commons the Prime Minister of to-day (Mr. Mackenzie King), then leader of the opposition, enunciated the party's platform, he had behind him then, and has since, the full support of all his political friends across Canada, and that this platform which has been so largely implemented will still be the party platform until it is fully implemented, along with the other planks which naturally arise out of the progress being made in implementing the platform.

But the hon. member also says that in the interests of social security democracy is liable to be ditched because, forsooth, they say that if we cannot have liberty and security with democracy—well, then, let democracy and liberty go. I want to tell the hon. member—

Mr. DOUGLAS (Weyburn): Nobody said that. The hon. member has not read—

Mr. DEPUTY SPEAKER: Order.

Mr. McLEAN (Melfort): The hon. member for Weyburn spent minutes quoting prominent men, saying,

I believe that Hitler is the greatest statesman in the world. Germany and Italy have solved their unemployment problem, and Canada should be able to do the same.

Mr. DOUGLAS (Weyburn): Keep on reading.

Mr. McLEAN (Melfort): He states:

I believe, Mr. Speaker, that democracy is on trial to-day as it has not been on trial for centuries. I believe that democracy must be made to work, and that unless it can provide jobs for the unemployed, equitable prices for the farmers, and give opportunities and stability to the business and professional classes, democracy will be thrust aside in favour of some other form of government.

Is there any other form of government that has come so near to doing these things as the democracies? Is there any other form of government which has attempted to do these things?

My hon. friend says Germany has solved the question of unemployment.

Mr. DOUGLAS (Weyburn): I did not say that.

Mr. McLEAN (Melfort): Well, when my hon. friend quotes a prominent man as saying it, and keeps on repeating it at every opportunity, surely he is endorsing it to some extent? If not, why does he advertise it?

Mr. DOUGLAS (Weyburn): Mr. Speaker—

Mr. McLEAN (Melfort): I hold here—

Mr. DOUGLAS (Weyburn): I rise to a point of order.

Mr. DEPUTY SPEAKER: The hon. member must resume his seat.

Mr. DOUGLAS (Weyburn): But I rise to a point of order. The hon. member has deliberately misquoted me twice. I ask the hon. member, if he is going to quote, to quote me from *Hansard,* and not deliberately try to misrepresent the facts of the case.

Mr. McLEAN (Melfort): Mr. Speaker, I hold a copy of *Hansard* in my hand, and when I am through with it I shall be willing to pass it on to you, sir, in order to show you what I have read. I have tried to read literally—and I do not like to read—but these are the words of the hon. member for Weyburn, as they appear at page 277 of *Hansard.* In one instance his words appear at the head of the second column, and in the other instance, near the bottom of the second column. Then, the hon. member went on to say this:

We in this group believe in democracy.

Just as I was listening to his words I happened to look up, and there was my good friend, one of the finest democrats formerly in his party, the hon. member for Nanaimo (Mr. Taylor). The hon. member for Nanaimo was elected as a member of the party to which the hon. member for Weyburn belongs, and is still unspoiled as a democrat. Well, it is said that his party suggested that he should resign his seat in the House of Commons. He had been elected as a supporter of the Co-operative Commonwealth Federation, but as a democrat he was expelled from the party.

Then my eye wandered to the hon. member for Athabaska (Mr. Rowe), for whom I have great regard—but I am sorry to see him going into poorer rather than better company. I wondered if my Cooperative Commonwealth Federation friends' organization in the constituency of the hon. member for Athabaska had passed a resolution demanding the resignation of that hon. member because he had gone over to another organization. No, I do not suppose they would do that.

He was talking about the social security which could be had. As I have said, I do not often read extracts from papers, but I like to have them under my hand. I have found an interesting one which applies to much of what my hon. friends in all parts of the house have been saying in these latter days, I am sorry to say. I know my Conservative friends do not mean it, and I know my social credit friends will try to get it in another way, but this is an extract from the *Citizen* of March 24, 1938, which has reference to a reverend gentleman who had just come to Ottawa, a man of very high standing in Canada, who had this to say about English "as she is spoken" in and around the parliament buildings. He told the Ottawa One Hundred club that "The nearer you get to the parliament buildings the more unintelligible the language becomes." There was much use of what he called "highfalutin" expressions, but as far as he was concerned, "social security means you're just dead beaten; that's all."

I hope the day will never come when the Canadian people will admit what my socialist friends told them during the last election campaign—that there are no markets anywhere. They would leave it to some great man to do the planning, the marketing and the producing. The last three years have demonstrated that there is the possibility of marketing and placing produce in the world market, if there is proper negotiation and proper trade legislation. While there are people in the world who are hungry for the goods we can sell, there is a market. I wish to say now—I may not have time later on—that the problems of Canada are still what they have been in the past, and what they are likely to be in the future.

We must produce at a lower cost a greater volume of goods in a form the people of the world will buy. We must be able to sell our products to the best advantage and by the best methods. We must have advertising, transportation and financing methods such as we have in Canada in a large measure. Then we must be able to take from the people of the world who buy our goods some of their goods in return, so that we can get paid for the wealth we are exporting to them.

At this point I should like to say a word to the hon. member for Kootenay East (Mr. Stevens) whom I am glad to see in his seat. I do not know whether I should congratulate him upon being where he is. In any event, I shall congratulate him upon being happy where he is, because I would very much rather see him happy than see him unhappy in another place which might be better for him. What I am going to say to him is not very serious, but may I point out that as reported at page 317 of *Hansard* he seems to be worrying about the amount of United States capital invested in Canada. When the statement was made by the Minister of Finance (Mr. Dunning) that it is decreasing and that we are paying it back, the hon. member denied this emphatically. I will admit that figures for "Canada 1939" are not absolutely up to date, but they are the latest information I could get. According to this publication the United States capital invested in Canada 1937 was placed at just $50,000,000 less than in 1935. I am sorry to see that it is down. As one who is anxious to see the natural products of Canada developed I should like to see that investment up.

The people of Canada do not owe it all to the people of the United States. Our good neighbours have come here and have made investments on their own responsibility, using their own judgment. Many similar investments are still being made, and I am happy that they are. These people have brought their capital here to invest. They have brought their wealth with them, and I hope that this year will show no decline in the amount of United States money coming to Canada. On the other hand I hope there is a large increase in the amount which comes in, which would have its effect by way of increased production of the natural resources of Canada and consequent prosperity.

When I was speaking to the hon. member for Weyburn a few moments ago I had picked up a small item dealing with unemployment in Germany. His interruptions were such that I omitted to read what I had intended. I hold in my hand an item from the Ottawa *Citizen* of June 24, 1938, which reads:

> Field Marshal Hermann Goering's new ordinance making every man and woman in Germany, regardless of age, class or occupation, liable for a period of labour service, will apply primarily to Chancellor Hitler's vast building program, it was made clear to-day.

Then it goes on to say:

> Since official statistics show only 37,000 persons of full working capacity are unemployed in the Reich—the remainder of the 390,000 unemployed for various reasons being only partially employable—it follows, the paper says, that the great economic tasks under the four-year plan have been halted because, while plans, funds and materials were ready, there was a shortage of workers.

I listened to the radio one night about two weeks ago and heard it stated that 200,000 German girls are to be called out to do labouring work. Standing by me in the hotel, near the radio, was a middle-aged man, one of those defeatist chaps, and he said, "Why does not our government do something like

that?" I listened to the rest of the broadcast, the last line of which was, "Nothing has been said about paying these girls for any work done." I looked around for the chap who wanted our government to do something like that—but he had vanished.

It saddens me to see the attitude taken by those who by virtue of their official positions, by virtue of their education and abilities, by virtue of the opportunities that this country has given them should be the natural leaders of the youth of this country. Instead of leading them to believe that there is defeat and nothing else in store for them, they should be telling our youth that there are more diversified opportunities in Canada for them to-day than there ever were in the past. It is true that to-day a man must go out and make his own job, perhaps more than he ever had to do before, but how can one expect any government to make jobs for all who come along? That cannot be done unless the government is to take over full control, backed up with bayonets like our dictator friends in Europe, and make every one work without any consideration or regard for the pay he shall receive.

This is not a new story for my socialist friends. I should like to quote what their national organizer, at one time a member of this parliament, had to say. The date I have on the clipping before me is November 22, 1933, and it quotes Mr. Garland as follows:

> Mr. Garland emphasized the tragedy of the hopeless outlook for the rising generation, stating that the youths of to-day were being simply poured out into the world—with no prospect of any kind of jobs.

If these youths are being poured out into the world to-day, it may be that they find it hard to get jobs. But if they made use of the education they received; if they got out in the open places and took advantage of the natural resources of the country; if they were willing to fight against nature and try to solve their own problems with the education they had received, they would be much better occupied than in listening to counsels of despair. In the *Evening Citizen* of January 27, 1939, the following paragraph appeared:

> Such great leaders and creators as Henry Ford, and "Boss" Kettering of General Motors, see nothing in the present confusion and cloudy atmosphere of affairs but big things ahead. They see in the inequalities and imperfections of to-day but the promise of a better and happier life ahead for all.
>
> Teachers and schools are unable to put vision and will into people. These must be born with one and developed from within. And the more they are developed the more they spread and enlarge. Aspiration, nurtured in the human heart, acquires rootage that gives to dreams their everlasting foliage.
>
> Neither teachers nor school can draw a map of the dimensions of a human being's area or limitations. What we are that is peculiar and distinctive to ourselves is what measures out our worth and which appraises us to the world. With what endowments we are born!

Let me say in all sincerity; let me say in all humility if you will, so you will consider my words, that what the government and leaders in this country should be trying to do is to secure better people, rather than trying to put people into better circumstances. Slums do not make slum people; it is slum people who make slums. Some encouragement should be given by the government—the scientists, biologists and statisticians can show them how because they can measure men; I admitted a short while ago I could not measure my hon. friend the leader of the opposition—so that we may have in this dominion people with better health, more sanity and greater intellectual energy. When that is done we shall be able to get away from many of the troubles we have to-day and have had during the last few years. Every boy and girl leaving school should know that at no time in the world's history have two and two made other than four. They should be taught not to listen to those who for their own advancement try to make them believe that two and two make five or six or eight, depending upon how they want to juggle things.

There is just one other item I want to bring to the attention of my good friend, the hon. member for Rosetown-Biggar (Mr. Coldwell). When the hon. member for Cochrane (Mr. Bradette) was speaking the other day, he dealt with the connection between communists and socialists. I shall not spend any time in going into this in detail, because I contend that the progress from socialism to communism is a logical move, step by step. There is, however, this difference. The communist is intellectually honest because he tells you where he is going, what he wants to do and how he intends to do it when he gets there. He deserves some respect, but the other chap camouflages too much. The hon. member for Cochrane gave full credit to the Cooperative Commonwealth Federation for not associating with the communists. At that moment the hon. member for Rosetown-Biggar interrupted, and said:

> In a public statement in Saskatchewan last week, Walter Wiggins, secretary of the communist party, called for a united front behind the present Prime Minister of this country.

At which moment I said:

> And your Saskatchewan leader asked them to unite behind the hon. member for Winnipeg North Centre.

Mr. DEPUTY SPEAKER: I regret to have to interrupt the hon. member, but his time has elapsed.

Mr. McLEAN (Melfort): May I say just a few words more?

Some hon. MEMBERS: Go on.

Mr. DEPUTY SPEAKER: With the consent of the house.

Mr. McLEAN (Melfort): I do not approve not keeping the rules of the house, and I regret they have been broken so often. I have, however, been delayed somewhat, and I thank you, sir, for the privilege of finishing. After my statement the hon. member for Rosetown-Biggar interjected with, "oh, no." I looked up the Regina *Leader-Post* of January 9, 1939, in which I found a statement about this matter. After stating that Mr. G. H. Williams was the leader of the Cooperative Commonwealth Federation, the article continues:

In a statement, Monday, Mr. Williams replied to a call of the communist party relative to a united front of democrats. Mr. Williams said:

"We note that the communist party through their spokesmen, Mr. Wiggins and Mr. McManus, have called for a united front of democrats behind Premier King. The C.C.F. suggests that the united front of democrats should be formed behind J. S. Woodsworth (C.C.F. leader)."

Mr. COLDWELL: A united front of democrats, not of the communist party.

Mr. McLEAN (Melfort): What I said was that Mr. Williams replied to a statement by the secretary of the communist party that democrats should line up behind the present Prime Minister. To whom was the leader of the socialist party in Regina referring?

Mr. COLDWELL: Democrats.

Mr. McLEAN (Melfort): In the first place the call was from the secretary of the communist party for a united front of democrats to line up behind the Prime Minister. It was not for a united front of communists, it was for a united front of democrats. Mr. Williams then came into the picture and said that the Cooperative Commonwealth Federation suggested that the united front of democrats should be formed behind the hon. member for Winnipeg North Centre (Mr. Woodsworth).

I am going to let it go with one further word of appeal to all hon. members. Whether or not they are ready to take my advice, I think they will recognize the worth of it. Let us get away from this defeatist attitude. Let us stop telling the youth of Canada that there is no chance for them here or elsewhere; that unless we change our attitude these youths will be forced to follow some leader with some sort of planned economy. There are those who deride the Prime Minister for his love of history, but I think many would do well to read more. They would then find that tyrants have always come into power by promising quick solutions for the evils that were bothering the people at some particular time. They have always pursued the course that the tyrants of to-day are pursuing. The prophet Samuel told his congregation that the king they asked for would assess them one-tenth of all their flocks. One of my statesmen friends would go even further, and assess them one-seventh. I appeal to all hon. members to tell the whole truth about Canada. While times are difficult, our natural resources and climatic conditions are such that one properly located and equipped with sound health, mentality and intellect can make a living in this country.

Mr. E. J. WERMENLINGER (Verdun): Mr. Speaker, on rising to speak on the motion now before the house, I should like at the outset of my remarks to refer to the proposed visit to Canada of our beloved king and queen. It is unfortunate that their stay in the Montreal district is to be of such sort duration, for only nine hours. Verdun is an independent city, completely detached from Montreal. We thought with the war record that we possess we would have been honoured with a short visit from our gracious sovereigns. Verdun is the third largest city in Quebec. Its population is fifty per cent French-speaking and fifty per cent English-speaking, and it has never had any racial or religious trouble. Out of a population of 20,000, Verdun sent 4,000 soldiers, or twenty per cent, with the expeditionary forces of 1914. We had thought that this loyal population, which now numbers 65,000, including hundreds of war veterans who fought with the imperial forces and who came to Verdun during the post-war years, would have been given an opportunity to see at close range our great king and queen. It would take only fifteen minutes for the royal visitors and their escort to come through the city of Verdun, and such a visit would be gratifying and inspiring to our population and of immense interest to our royal visitors because they would travel through a city named after the great French city of Verdun, the bulwark of civilization during the war years, and a city having the same motto as our own, "They shall not pass,"—I mean the enemy. They would travel along the old trail of the Indian tribes beside the beautiful St. Lawrence river, in its most picturesque location, a few yards from the Lachine rapids and a short distance from the spot where in 1669 Cavalier de La Salle organized his expedition to find a great river which

was to lead him to China—in French, La Chine, whence the name of Lachine—and where in 1689 the Indian tribes almost exterminated the French settlers of that day.

With your permission, Mr. Speaker, may I make a digression. I wish the hon. Minister of Mines and Resources (Mr. Crerar) were in his seat, but I take this opportunity of bringing to his attention the fact that the monument erected and dedicated last summer to Cavalier de La Salle, the great French explorer, was erected at the wrong place. It was in Ville La Salle, in my constituency, that he lived. That is where he fought and where he started his expedition, and the monument erected by this government in Lachine has been erected in the wrong place. It is not the first time that politics have distorted history.

I shall deal particularly with one subject mentioned in the speech from the throne, and that is unemployment, which affects my constituency very seriously. In this connection I should like to read some correspondence and documents which I have in my hand. The first is a letter, dated January 13, 1939, addressed to myself, from the clerk of the city council of Verdun, and reading:

Dear Sir,—

Please find enclosed copy of a resolution of the city council of Verdun dated January 9, 1939, together with a copy of the statistics mentioned, and copy of a letter addressed to-day to the Hon. Norman McLeod Rogers, Minister of Labour.

Yours very truly,
A. J. Burgess,
City Clerk.

The letter to the Minister of Labour (Mr. Rogers) is as follows:

January 13, 1939.

Hon. Norman McLeod Rogers, M.A.,
Minister of Labour,
Parliament Buildings,
Ottawa, Ont.

Sir,—I am instructed by the council of the city of Verdun to forward you the latest statistics on the unemployment relief situation in this municipality. This shows an increase of 50 per cent since this time last year in the number of unemployed who are receiving relief.

The council instructs me to draw to your attention the fact that this serious increase is apparently the opposite of the total trend throughout the dominion, according to newspaper reports of the general improvement based upon supposedly authoritative federal sources.

His Worship the Mayor desires me to point out that the experience of Verdun is the same as that of the province of Ontario where, according to the provincial Minister of Public Welfare and Municipal Affairs, as reported in the Montreal *Gazette* of yesterday, the situation in this municipality and in the province of Ontario are almost parallel. The city council is sure you will be interested to know that, when we abandoned direct relief on the 1st of August, 1937, in favour of a program of public works, our relief lists were cut 40 per cent in a few months. A slight increase was noticeable from January to May of 1938, after which a gradual increase has been recorded each week. Unemployment relief is given only to those who are in need and who are employable. Unemployables, such as infirm, the aged, widows, etc., are assisted through local charitable organizations.

In the light of the above facts, the city council cannot understand newspaper reports which state that, according to the federal authorities and even federal ministers of the cabinet, the unemployment situation shows substantial improvement.

The city council respectfully requests some enlightenment on such reports.

Believe me to be, sir,

Yours very truly,
A. J. Burgess,
City Clerk.

Here are statistics of the city of Verdun with respect to public works employment, replacing direct relief:

City of Verdun

Figures relating to employment granted for public works, with a view to replacing direct relief

	Week ending December 28, 1938	Week ending December 29, 1937	Week ending January 4, 1939	Week ending January 5, 1938
1. Number of heads of families who received employment during the week	1,477	1,007	1,509	1,021
2. Number of dependents of such heads of families	5,864	3,832	5,960	3,796
3. Number of cases of individuals who received employment during the week	65	76	66	88
4. Total of items 1, 2 and 3	7,406	4,915	7,535	4,905
5. Total number of days of work	5,294	3,738	5,420	3,781
6. Total amount paid during the week	$17,763 57	$11,989 37	$18,265 80	$12,204 08
7. Total amount paid during the preceding week	$17,560 29	$11,847 43	$17,763 57	$11,989 37

J. R. French,
Director of Finance and General Manager.

Then the following:

Statistics Concerning Relief Against Unemployment

Alderman Wilson submits for consideration a report from the general manager concerning statistics in connection with employment granted for public works in order to substitute it for direct relief, and draws again the attention of the council to the fact that unemployment in Verdun has increased gradually and is now 50 per cent higher than it was at this same time last year. Consequently, though the federal authorities, and especially the Hon. Minister of Labour, have frequently announced an improvement in the unemployment situation all over Canada, that improvement has certainly not been felt in our municipality.

A. J. Burgess,
City Clerk,
Verdun.

Those statistics concern only the employables who are fit for ordinary labour or trade work. What about all the others, those who are not registered, who are helped by their families or relatives? What about the single men who cannot obtain work, and others on public charity? In the Montreal *Gazette* of January 24, 1939, appeared an article indicating that charitable donations in the dominion are higher and will have to be higher; that the reports of fourteen federated charities in 1938 showed large increases, and that the total of these disbursements is appalling. But people do not want charity; they want work. It is true that the record of those who have given so generously during recent years should cause their names to be inscribed in gold letters on the parchment of history. But what about the broken morale; what about the loss of intellectual and physical power? That can never be replaced.

Having mentioned the amount of unemployment in Verdun, I wish to point out that an hon. member for Toronto said that 65,000 people or 14,000 families in that city were also depending on relief. We all know that at one time Montreal had 47,000 families on relief. I come in contact almost daily with our unemployed. I know something of their former occupations. The great majority of those living in the urban centres were formerly engaged in industry, directly or indirectly, either as tradesmen, craftsmen, specialized workers, or in the offices of manufacturers now on the down grade. Certainly people in the last category are not to be expected to work with pick and shovel, to crush stone or push wheelbarrows. They cannot do it. As far as the trades people in my district at least are concerned, we know that the construction of new dwellings is at a standstill simply because the people are unable to pay rents which will afford any return on the investment that would have to be made. Our industries are idle or bankrupt or working only part time.

Concerning pianos let me quote some correspondence sent out by a United States manufacturer:

Gentlemen:

Under the new trade agreement the duty on pianos is reduced to such an extent as to make it highly profitable to import pianos from the United States, particularly when they can be bought at a fraction of their true worth. With such values to offer you we hasten to communicate the details in order that you may lose no time in availing yourself of the possible profits.

For instance, we will furnish twenty-one pianos, harnessed to the car, at $500 or $600 for the entire lot. In both cases the pianos would be unrepaired uprights and the difference of one hundred dollars allows for the quality of the instruments, by which we do not mean to infer that you would not be getting an excellent buy at the $500 price, but as you know, there are all grades of pianos, and one hundred dollar leeway on twenty-one would permit us to send you very excellent instruments. Similarly, we can furnish you with guaranteed good player pianos, thoroughly gone over, at $55 each, in single lots, boxed, f.o.b. r.r. in New York.

After reading this I am more than ever in favour of a highly industrialized country. Our urban population is too numerous for the amount of industry now operating. We must try to prevent injustices which would be detrimental to any industry, from creeping into the tariff revision.

As my time is getting short I shall just read my leader's stand on protectionism, as laid down in his speech at Charlottetown. He said that protectionism should be reasonable and should not serve to exploit. With that I am in agreement one hundred per cent. He said further that he believes in the principle of reasonable protection for all industry, for the working man and for the farmer, but that there should be some compensations both for the east and for the west.

Regarding that particular item of pianos I could quote an article from the Toronto *Globe and Mail* dated January 12, which states that the United States duty on Canadian pianos is still 40 per cent, and that the new duty under this trade agreement will be 24¾ per cent with the excise tax eliminated as well as the old minimum valuation of seventy-five dollars. That is going to be absolutely detrimental to the piano-making industry. The workers in the factories will have nothing to do. It is an industry which was starting to get on its feet again. During the years of depression it was producing 400 pianos a year, whereas last year the number produced was 4,000. Now, with all this com-

petition from the United States, the piano-making industry will simply go to pieces. That is just one example.

Let me say a word about the steel industry. As we all know, a number of items in the steel tariff have been reduced, and this is a matter for regret in view of the keen competition our industry meets with from United States manufacturers with their huge output and lower costs, and also the greater competition from the steel industry in Europe, particularly the totalitarian countries. Naturally the steel industry in Canada is concerned about the effect of this agreement upon the fortunes of its customers who buy steel products for conversion into their finished goods, and whose rates of protection have been reduced.

Canada's tariff generally speaking can be said to be on a moderate basis; but if we consider the large number of people dependent on the manufacturing industry for existence, it is unfortunate that the protection afforded industry in this country is being continually lowered.

Other changes in the tariff are expected to improve the lot of the fisherman and the agricultural worker and agriculture generally. We can only hope—it may be but a pious hope—that Canada's loss in some instances will be more than made up in other directions, but it is problematical.

I have a few items here that I would have brought to the attention of the house. I shall name a few which affect industries generally and which aggravate unemployment immensely.

On compounded or manufactured sterilizers the duty in 1935 was 10 per cent, reduced in 1936 to 7½ per cent, and under the new agreement reduced to 5 per cent with elimination of the excise tax. Imports from the United States in 1935 were $528,000, and in 1937, $702,000.

Pianos and organs I have just mentioned. In 1935 the duty was 30 per cent with a minimum valuation of $75. In 1936 the duty was reduced to 24¾ per cent, and it remains the same in 1938, but both the excise tax and the minimum valuation are wiped out.

As regards miscellaneous musical instruments and phonograph records, in 1935 the duty was 30 per cent, reduced in 1936 to 24¾ per cent, and in 1938 the excise tax is eliminated, another concession. Imports in 1935 were $196,000, and in 1937, $467,000.

As far as item 711 is concerned, goods not elsewhere enumerated, heterogeneous, including chemicals of a kind made in Canada, and manufactured food products, in 1935 the duty was 25 per cent, reduced in 1936 to 22½ per cent, and under this new agreement brought down to 20 per cent, with elimination of the excise tax. There were three million dollars' worth of imports in 1937, not counting chemical products.

What about the exemption clause under tariff item 703b? The figures show that goods brought in from the United States total $6,917,000 for the nine months ended December 31, 1938, compared with $5,263,000 in 1937, or an increase of $1,654,000, the largest item of imports being clothing. I have not time to read all the figures, but the second largest item was furniture and household appliances, $865,000. That is the exemption clause under 703b by which Canadian tourists to the United States, stopping over for forty-eight hours, may bring into Canada three times a year $100 worth of goods. Taking into account the loss of revenue from excise and duty; also the loss of business by individual retailers; consequently the loss on the part of industries directly concerned in the production of all these articles, and, further, the unemployment that would result from such procedure, have we not reason to be alarmed at the situation? I am informed that as a result of this new treaty there will be a loss of $18,000,000 through the elimination of the excise tax. Have hon. gentlemen opposite any idea of the loss of business involved, the discouragement to industry and the loss of morale among the working men who constitute the great mass of the population? If not, I invite those who have any doubt to pay a visit to our industrial centres in the most congested districts. The hon. member for Labelle (Mr. Lalonde) is reported in *Hansard*, at page 178, to have said:

> Liberalism is in a word the antithesis of Toryism, whose sole ideal has always been, particularly in this country, the protection of the privileged classes at the expense of the masses.

I invite the hon. member for Labelle to come and see for himself those great masses of unemployed, and to draw his own conclusion. I invite him to visit our industrial centres and find out for himself who is actually responsible for the chaos. I should like him to bear in mind, too, the promises of his leader on the night of October 14, 1935, when the country was assured that there would be no more adversity or poverty in Canada.

General unemployment in industry is to a great extent responsible for high taxes. High taxes paid by property owners make it impossible, in my riding at any rate, to build new homes. More elasticity should be given the housing act and less stringent conditions should be demanded by the lending institutions. Otherwise it is useless to hope for a revival of the building trade and the employment of workers in these trades.

The Minister of Labour (Mr. Rogers), in his speech on Monday, January 23, said that it would be desirable to have private industries absorb more of the unemployed rather than have the unemployed engage in public works. But how can this be done when our industries are so jeopardized? The hon. member for Matapedia-Matane (Mr. Lapointe) is reported in *Hansard*, at page 167, as having said that the government should start public works without delay, especially in the industrial centres which suffer particular hardship. He is a member from a rural district. How can we reconcile these two different points of view coming from the same side of the house? Perhaps the hon. member for Labelle, who declares that the Liberal party protects the great masses of the workers, will find the solution. Again I say, give industry adequate protection and almost everyone will be satisfied. A policy of encouragement of industry should be pursued so that we may compete with highly industrialized nations of the world and thus acquire the wealth both physical and intellectual that belongs to highly industrialized countries. Instead, we have the situation as mentioned in this house by the hon. member for St. Paul's (Mr. Ross) I believe, who speaks of men, otherwise doomed to idleness, being permitted to work on roads, national parks, dumps and so on, like communistic, nazi and fascist labour conscripts toiling for a bare existence. As he says, more young people are to be prepared for careers upon which they will never be able to embark unless new policies are employed by the government.

Do we not sometimes look upon our children as belonging to a lost generation? If we continue much longer in the path we are now following, where shall we find during the next generation our skilled mechanics, engineers, electricians, tradesmen, expert technicians and so on? We shall have to import them from foreign countries. But our youth are taught algebra, geometry, trigonometry, descriptive geometry, analytical geometry, spherical geometry, astronomy, cosmography, infinitesimal calculus, integral calculus, drawing, physics, chemistry, and so on. For what purpose. Surely they do not need all that curriculum to be on a farm. Farming is undoubtely a noble profession, but we cannot all be farmers.

This brings me to the annex D of the agreement signed between the dominion and Quebec governments and dated July 22 last, with respect to trade apprenticeships at an estimated cost of $225,000. Boys are to be taught welding, some electricity and so on, and men are to be appointed to guide them for careers in industry or commerce. How can we give them that opportunity if our industries work only part time or are closed down or go bankrupt? The Minister of Labour says that he favours private rather than public employment, but the hon. member for St. Lawrence-St. George (Mr. Cahan) asked him what had been done by the government to provide work in private industry to relieve unemployment. Trade expansion, trade agreements, answered the minister; and I will add, trade concessions of no benefit to Canada.

The government has announced in the speech from the throne that the report of the Purvis commission will be submitted to a national conference to study the resolutions. The government is again entrenching itself behind a conference, after entrenching itself for three years behind a national employment commission. What has been the cost to the country of all these commissions? The government should take its national responsibility. The government has the authority on financial matters, money matters, banking, industrial and commercial matters. It has the means to act with success, but laissez-faire and too much interest in international affairs interfere with our progress and, as time goes on, will more and more hinder our progress in industry.

One word more. I should like to call the attention of the Minister of Finance (Mr. Dunning) to a question that was put in this house by the hon. member for Chambly-Rouville (Mr. Dupuis) on Thursday, January 19. Referring to the question of old age pensions, he asked:

> In the speech from the throne read yesterday by the lieutenant governor of Quebec I find the following paragraph:
>
> "Owing to the measures carried out by the present government, the old and the blind of Quebec are receiving monthly a sum of approximately one million dollars."
>
> As this statement is bound to lead the people into error I should like to know from the Minister of Finance (Mr. Dunning) first, who established the old age pensions in Quebec—

Then there was an interruption, and the Minister of Finance replied:

> The hon. member advised me a few moments ago of his intention to ask this question, and in the short time available I have endeavoured to obtain information which, if it is not complete, I will supplement later.
>
> The old age pensions paid in the province of Quebec have averaged in the neighbourhood of $855,000 per month for the last three months. For the same period they have averaged about $29,000 per month for pensions for the blind.
>
> With regard to the second question, the agreement between the government of Canada and the province of Quebec with respect to old age pensions, my answer is that it was

initiated not by the present government of that province but by its predecessor. I should have pointed out this most important fact, that of the $855,000 per month and the $29,000 per month seventy-five per cent comes from the federal treasury.

That is admitted, and I conclude with this: We all know the history of old age pensions as introduced in this house in 1926. We know that the two members from Winnipeg made them possible, in those days of bargaining between the Liberal party, the Progressive party and the other parties. We all know that at that time fifty per cent of the cost was paid by the federal government. It is my opinion, though I may be wrong, that the Liberal party gave those old age pensions to this country very reluctantly. Then, sir, in 1930 or 1931, after the Right Hon. R. B. Bennett came to power, the share of the dominion government was increased from fifty per cent to seventy-five per cent.

Mr. McDONALD (Pontiac): How much did he promise the electorate?

Mr. WERMENLINGER: It was nothing compared with the promises of 1935. Between 1927 and 1935 the province of Quebec was paying, through imposts, through taxes, through stamps, through $8 per gallon on alcohol, through taxes on cigarettes and everything that could be produced, for the old age pensions of the other eight provinces. The government of Quebec, then led by Premier Taschereau, always turned a deaf ear to the demands of Mr. Duplessis, then in opposition, who wanted old age pensions in that province. That question was not even an issue in the election of 1935; but after the inquiry by the public accounts committee in Quebec an S.O.S. call was sent out by Mr. Taschereau because the ship was being wrecked. That was when he put old age pensions on the program. So. Mr. Speaker, the credit should go to the present premier of Quebec.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. R. E. FINN (Halifax): Mr. Speaker, I am rather tired to-night, having just returned from the city of Halifax, so that if I am not as bright or as dull as I usually am I hope the proper allowances will be made. It is a pleasure to speak on the address in reply to the speech from the throne. I believe there never was a time in the history of Canada when the eyes of the world have been more turned toward the north American continent, and more particularly toward this great area, so large in extent but so thinly populated. As we all know our population is only about eleven million people.

To-night I have memories both pleasant and sad. I have memories of those who during the last session of parliament occupied seats in this chamber but who, during the recess, have been called to that bourne from which no traveller returns. I am sure every hon. member, including the ladies holding seats in the chamber, must mourn with the relatives and friends of those who have departed and who have won an eternal crown.

To hon. members on this side of the house and to those members of our group who, because of our numbers, have to sit opposite, I wish to say that we are a unit in support of the Prime Minister of Canada (Mr. Mackenzie King) who, in his duties, has been most assiduous and unselfish, who has not thought of himself for a single moment or of the criticisms which have been leveled against him Necessarily, with one as sensitive as he is, it hurts the heart, but it does not dull the mind or shade the intellect. Therefore, with that fine manhood and leadership he possesses in such abundance, he is to-day attempting to give the best form of government it is possible to give.

We are all human; we all err. On some matters respecting advancements which have been made I may not see eye to eye with some others; however, that may be due to the fact that there are elements or considerations over which the government cannot have control. There may be some elements in connection with government which are not discussed in the house, but which nevertheless exist. Perhaps it is best that they remain unknown to hon. members.

First of all may I congratulate the hon. member for Brandon (Mr. Matthews) who comes as a new member from western Canada, and who showed a keen vision, great clarity of mind and a vocabulary equal to the task of expressing so truly and so well the feelings of his constituency as well as his personal feelings toward hon. members of the house and more particularly toward the Prime Minister and the members of his government. I should like, too, to congratulate the hon. member for Stormont (Mr. Chevrier), the bright and valiant young man who seconded the address. I was moved the other day when I heard the suggestion that if an hon. member is to remain in the house—and that must be doubtful, even for me—he should study both languages, French and English, so that in terms of either language we may be able to converse privately and to understand each others mentality much better.

I learned with pleasure of the intended visit to Canada of their majesties in May. They come from the heart of empire, and as the heads of the British commonwealth of nations, their visit marks the first time our king has ever visited Canada. He comes not as the King of England, but rather as the King of Canada, and brings as the Queen of Canada his good wife, Queen Elizabeth. This visit indicates an advancement and a further development in the hearts and minds of people throughout the empire.

I should be remiss in my duty to-night if I did not recall the vision of that grand old man who was the leader of the Liberal party and who asked everyone who supported him to follow his "white plume." It was he who first laid down the doctrine of our being children in our mother's house, but mistress of our own. Not only was that visualized by Sir Wilfrid Laurier, but it has become an established fact. By the statute of Westminster Canada is a separate entity within the empire, controlling her own affairs. Every act which is in conflict with the laws of Canada or with the Colonial Laws Validity Act must go by the board. Only one act does not come under the jurisdiction of the parliament of Canada, namely the British North America Act. At another time I shall deal with that matter, but for the present I must hurry on.

I know the welcome will be royal, and I know it will be wholehearted. I believe the policy adopted by the government of having their majesties meet the people, rather than having formal receptions and social functions, is the best one to follow. In that way the royal couple may feel the human touch of the individual, the poor man or the poor woman who will say, "I have seen their majesties, my king and queen." The Prime Minister and his government are to be congratulated upon the strong democratic stand they have taken, a stand which reflected the wish of their majesties.

It is gratifying to learn that while in Canada their majesties intend to visit the great republic to the south of us, and while there that they will be the royal guests of the President and the first lady of the United States. They will also have an opportunity of having a bird's-eye view of that country with its 130,000,000 people, and to tie more closely the bond which already exists between the United States and the motherland. The British empire was well blessed when, during the period of the war, between 1914 and 1918, a man of outstanding ability, a man of vision and of knowledge, was President of the United States. I refer to the late Woodrow Wilson. The United States is fortunate in having as its President to-day Mr. Roosevelt, who is a liberal both in essence and in action. He stands, as we do in Canada, for the highest form of democracy. The influence which he wields will be a tremendous factor in the destinies of those democracies that still remain in the world.

I would be remiss in my duty if I did not in a kindly way express my genuine appreciation of the hon. Minister of Finance (Mr. Dunning). I am glad to see he is able again to resume his seat and carry on the onerous duties of his department. With the help which I am sure his colleagues and every other hon. member irrespective of party will be ready to give him, I feel he will be soon restored to the health he formerly enjoyed. I know he will prove to be an outstanding figure in the shaping of the destiny of Canada.

I come now to an hon. gentleman with whom I have had the honour of sitting in this house, although on opposite sides. Like myself he has grown a bit older and a bit grayer. I refer to the hon. leader of the opposition (Mr. Manion). It was no mean honour that was conferred upon him by the great Conservative party. He comes to this house well equipped with knowledge, vision, judgment and fairness. I believe that as he passes stage by stage to duties of greater importance he will prove himself equal to the task. I know he will add lustre to the list of his predecessors.

A moment ago I spoke ot those who had passed to the great beyond. I realize with a feeling of deep sorrow that the Right Hon. R. B. Bennett, a former prime minister of Canada and the late leader of the Conservative party, is not with us to-day. He is on the ocean journeying toward the heart of empire. I felt it not only my duty, but an honour and a pleasure to go to Halifax for the purpose of attending a luncheon given in his honour. I consider myself his personal friend. As representing the constituency of Halifax, I considered that I should see him depart through the eastern gateway of Canada. He was a Nova Scotian as well as a New Brunswicker. In the early days there was no such name as New Brunswick; it was Acadia, it was Nova Scotia.

Mr. BROOKS: There was in his day.

Mr. FINN: Then I am doubly glad. I have not traced history as closely as my hon. friend, and I want to congratulate him upon the fact that he is tracing me very closely in my remarks tonight. Mr. Bennett brought to this house great ability and great knowledge. He was forceful, powerful, able, adroit and fair. All men in public life at one time or

another get a little heated and perhaps say things they would not say on second thought. But just as sure as I am standing here to-night I know that he has a heart dearer than Plutus' mine, richer than gold. I am confident that while he is in the heart of the empire he will always be true to the interests of Canada. I believe that in the future he will play no mean part in the future of that empire. I cannot conceive he will permit his political shade to overshadow his mind. He will be equal to all occasions and I am sure Canada may well be proud when he speaks in the interests of this dominion. I wish him now, as I did in Halifax, Godspeed. I know every member of this house wishes him a quick return to health and hopes that he may retain his vigour, energy and great ability so that these fine qualities may not be lost to Canada in his new home. It is wonderful to think that while differences of party, race and creed are extant in this parliament, yet we meet here together in harmony. We are all reaching out for a common goal. That goal is not earthly; it is beyond. There we will all be equal provided we all are equally deserving of entering the golden gates.

I come now to a question of paramount importance in connection with the address in reply to the speech from the throne. But before I go into the meat of my argument, I should like to congratulate the new Postmaster General (Mr. McLarty) upon his appointment to the honourable position he now occupies. He is one member of this house who has always been dignified, always kind, always pleasant and always fair. I know that any member, irrespective of politics, who enters his office will receive the same generous and fair consideration he has always given to every member, whether sitting on this side of the house or on the other. I regret the illness of the former postmaster general, the hon. member for Middlesex West (Mr. Elliott). I am glad to have learned from the lips of the Prime Minister that the hon. member will soon be able to take his seat although he will be unable to carry on the responsibilities of his former office. I am sure that he will meet with a hearty reception. He was a splendid postmaster general, always kind and ever ready to listen and learn, if the latter was necessary.

I come now to the lone wolf from the province of Alberta where social justice is so well distributed. Perhaps the leader of the Social Credit party (Mr. Blackmore) should be congratulated upon our having adopted one of the planks in his platform. We have taken the lone wolf; for the Prime Minister has appointed the hon. member for Edmonton West (Mr. MacKinnon) as minister without portfolio to look after the interests of the great body politic in Alberta. He is to assist in the rejuvenation, not of Aunt Mary, but of that province of social credit. Those who are of the temple are searching, not perhaps for money, but for panaceas that will cure all ills and will be palatable, easily taken, and not have to be shaken.

The international situation, Mr. Speaker, is causing alarm and fear throughout the British empire, and in some instances it is no doubt causing remorse. I listened the other day to the address of the Right Hon. Mr. Chamberlain, Prime Minister of Great Britain. While I do not agree,—and I suppose it is of little consequence to him whether I do or not,—with all the turns he has made in British policy towards the dictators in Europe, there is one thing that he has done, and done so completely and conclusively, that on Saturday last he was able to tell the world that Great Britain now stands with her back against the wall and will not budge another inch; that she is ready to go forward; that she wants peace, but is not ready to recede from his former position. Whatever failings Mr. Chamberlain may have apart from carrying an umbrella, he at least has had the courage of his convictions.

I should like to express my admiration also for Mr. Anthony Eden, who resigned from Mr. Chamberlain's government. Recently he paid a visit to the United States, and spoke in the city of New York. I listened to that speech, and there was not in it one word of vituperation, not a word of criticism of the government. It was the wholesome, pleasant, generous speech of a gentleman who was making a social visit to the United States with his wife, and he left upon the people of that country an impression which has done much to support them in their present policy of getting away from isolation, feeling that if democracy is to survive, that great republic to the south of us must, through its people, do its part. Mr. Anthony Eden is deserving of that tribute, and I think it should have been paid him before in this house; but perhaps there are so many other things to think of, and he is so lean and tall that perhaps he was not much in the eye of the onlooker. But he was not forgotten. I have not forgotten him. I am not tall, but I am a bit lean myself.

Let me come now, Mr. Speaker, to a subject which is very dear to the heart of an hon. member of the government who is sitting near me to-night and will give me inspiration, and something more than inspiration, I hope. I trust that he will give me

comfort, peace and encouragement with respect to a problem that confronts the fishermen along our seacoast in the little province of Nova Scotia. I refer to the hon. Minister of Fisheries (Mr. Michaud).

I want to congratulate the Minister of Fisheries upon the progress his department has made in bringing about certain reforms since he became the minister. Those reforms have been sound. Certain policies have been put into effect that have proved beneficial to a certain class of our fishermen. But we who come from the maritime provinces would be unfair to the fishermen of Nova Scotia if we did not acknowledge that they are poor and are suffering privations. The people of our province were visited last December by an act of God, through a gale which swept away their lobster pots and equipment and left the fishermen on the beach, as they say of a sailor when he loses his post aboard a ship. Our fishermen in Nova Scotia are to-day on the beach. But it is not so in New Brunswick or in Prince Edward Island because the governments of those two provinces, in collaboration with the Minister of Fisheries, relieved the fishermen of those two provinces of that worry; it has not, however, been removed from the fishermen of Nova Scotia. This is no fault of the hon. Minister of Fisheries. The federal money is there, ready to be spent. The fault lies, not, I would say, through indifference, but through procrastination, in the failure to come to a conclusion as to what policy to adopt in reference to the one-third to be contributed by the province of Nova Scotia.

I had rather thought that the premier of Nova Scotia, when he was in Ottawa not very long ago with reference to subventions for the coal and steel industries of the province, would have taken up with the government the plight of the lobster fishermen. The plight of the miner is not as bad as that of the fisherman. The miner works for a wage, and the company sells the coal he mines; but the fisherman goes to sea, catches the fish, and then has to sell them. When the coal that has been dug by the miner has been brought up to the pit's mouth, his work is ended. The company then takes charge of the coal, sells it through its sales managers, and makes a profit; and their profits, I am sorry to say, are in some instances not disclosed.

I was nearly seventeen years in the legislature of Nova Scotia, my happiest days under the late Hon. George H. Murray, and I was in the government of the day when the British Empire Steel Corporation was incorporated under the Joint Stock Companies Act of the province of Nova Scotia, with a capitalization of half a billion dollars. The company could not obtain a charter from the legislature of Nova Scotia, nor could they obtain a charter here in Ottawa. They incorporated it with these limited powers; the president, the late Mark Workman, after his journey's end so far as that corporation was concerned, retired from the presidency, and two gentlemen, Mr. Wolvin and Mr. Norcross, came in and took charge. When they came, the city of Halifax gave them a banquet which I attended, and at that banquet Mr. Wolvin said that he came to Nova Scotia to help the province, to build a shipyard, to mine coal and to give the province everything, and that he wanted nothing in return. The next day as I was asked by one of my colleagues what I thought of that speech, I said I was a bit suspicious of a man who came to give you everything and wanted nothing in return.

Under the presidency of Mr. Wolvin the British Empire Steel Corporation was thrown to the wolves. To-day we find that the parent organization is called Desco, and in Pictou county it is the Nova Scotia Steel, Coal and Car Company. It seemed to me that they were doing everything possible to build up Desco at the expense of the Nova Scotia Steel, Coal and Car Company, I believe it was only when they came to a realization that the public mind of Nova Scotia was aroused and that the legislature and government of Nova Scotia were the trustees for the people who own the mines, while the company is only a lessee, that there has been a reformation. To-morrow the minister of mines for Nova Scotia, Hon. Michael Dwyer, takes charge as president of the Nova Scotia Steel and Coal Company. But he is under the president and directors of the Dominion Steel, Coal and Car Company. The president to-day of the Dominion Steel and Coal Company is a gentleman. I believe he wants to do what is right. But there are men who are associated with that company who through stock transactions have got the company into a position in which it should not be.

To-night, while it is not my direct business, it is my duty to suggest that in considering subventions or further subventions to these companies the government must see that the miner is not detrimentally affected and, with that object in view, see that disclosure is made by these companies of their assets, their stockholdings, their prices; so that this government and this parliament should be in possession of the facts in order to be able to do the right thing; that in future there shall be some control over the development of these rich mines, and that a proportion of the profits shall go by way of wages to the miners who

work far out underneath the sea and sometimes never return to their homes and families. These are considerations broader than the policies of government or the opinions of financiers. They go to the very root of the future stability of our great coal industry in Nova Scotia.

I can remember the day when that province, apart from our federal subsidy, was almost entirely dependent for its revenue on the royalty of 12½ cents a ton received on coal brought to the pit's mouth. With the extra taxation that has been imposed being in part declared "ultra vires" of the legislature of Nova Scotia, its income will be curtailed, and the needs are great, as they are in every province of Canada. I sound this note of warning, not because I want to prejudice the position of either of these companies in the minds of hon. members; but always there is some doubting Thomas and also there are arch schemers, and the arch schemer is the one that the government must watch. They should make a case that is clear, open and aboveboard; or, as we say in court, make a disclosure, in order that we may help them on a basis that will be fair to the company and fair to the miners who work so hard for a living.

This is only a suggestion I make; I have no interest except that of the people and those who toil, whether in the mine, in the forest, on the sea or in cultivating the land. These industries are the backbone of any province and any nation, and Canada is a nation. As the central authority it is our duty, when we are asked for subventions and other assistance of a financial character, to see that full disclosure is made of the position of the company, so that we can deal intelligently with the matter when the legislation is brought down by the finance minister, and that it shall be made clear to these people that they must come to parliament with clean hands. I do not say that their hands are unclean, but it is only fair that they should make clear their case, there are many suspicions.

Mr. SPEAKER: Order. I am sorry to have to advise the hon. gentleman that he has exhausted his time.

Mr. FINN: With the indulgence of the house there is just one further point I should like to make. Other matters can stand until the estimates are brought down. It is in reference to the lobster fishermen.

Mr. SPEAKER: Do I understand that the hon. member has the unanimous consent of the house to continue?

Some hon. MEMBERS: Go on.

Mr. FINN: I thank hon. members through you, Mr. Speaker. You have only done your duty in calling me to order. But the rules have been suspended so often, that the trapdoor need not be closed, and I can say a word further in the interest of the lobster fishermen. I contend that the control of fisheries is a federal matter, one of the subjects which, under section 91 of the British North America Act, comes within the powers of the parliament of Canada and the Minister of Fisheries. In order that relief in aid may be granted through the government and through this parliament, I would ask that at the earliest possible moment the premier of Nova Scotia, the Hon. Angus L. Macdonald, be asked what he and his government intend to do. The fishermen cannot stand any further loan. These people cannot pay their bills to-day, having lost everything through no fault of their own. They have suffered a major disaster, and they should be helped in being reestablished in the industry. This is the time to do it because they have to cut the trees to make their floats and paint them; laths have to be bought to make the traps; twine has to be procured to make the space in which the lobsters go, and so on. These things could be done between now and the time when they will be able to take up lobster fishing again, in another month or two.

The minister has been sympathetic. He has done everything humanly possible for a Minister of Fisheries to do, but he has failed to get an answer from the premier of Nova Scotia and therefore the responsibility does not rest with him. It rests elsewhere, and I submit that the government should wait no longer if they cannot receive a reply that gives some promise of meeting the needs of the lobster fishermen along the coast of Nova Scotia and of providing for them, as the fishermen are being provided for in Prince Edward Island and New Brunswick, by cooperation between the two governments. I urge that the government act, and that the legislation, through a resolution if necessary, be brought down in order that any further delay may be avoided, so that in the meantime some ray of sunshine may enter into these destitute homes, many of which are in my own constituency, and that fear be dispelled. Then we shall have the satisfaction of having discharged our responsibility.

Mr. RODOLPHE LEDUC (Wright) (Translation): Mr. Speaker, may I first offer my sincere congratulations to the mover and seconder of the address in reply to the speech from the throne. I am delighted at the success of my good friend the hon. member for Stormont (Mr. Chevrier), who was a class-mate of mine at Ottawa university. I well remember having

sometimes copied his Latin and English translations at which he was very good, and I frankly admit that were his speech not printed in *Hansard,* I should be tempted to copy it in its entirety.

I congratulate the hon. member on his success. He is an honour to his family and his constituency and I trust that he will be re-elected at the next elections, in order that he may fill the important role he is destined to play in the public life of Canada.

I wish to emphasize the good fortune which our country enjoys in having at the head of its government, in these troublous times, a man so able, so sincere, so patriotic and so truly Canadian as the present Prime Minister.

Sir Wilfrid Laurier is acknowledged as one of Canada's greatest statesmen. Future historians, who will be able to analyse and compare the lives and careers of the two great leaders of the Liberal party, will write in the history of our country that the disciple was comparable to the master.

The announcement of the visit to Canada in May next of Their Majesties King George and Queen Elizabeth has caused a spontaneous feeling of joy to the entire Canadian people. All the citizens of Canada will want to manifest their loyalty and fidelity to these two illustrious personages who represent for us the supreme authority.

Mr. Speaker, the Liberal party has always been opposed to absolute protection. I have always been a believer in the Liberal tariff policy, according to which in order to sell to other countries we have to buy from them and consent to certain reciprocal concessions. In 1935 we concluded a trade agreement with the United States, and no one now dares to maintain that it was not advantageous to Canada. Nevertheless, the then leader of the opposition expressed the same fears and complaints as the present leader. I quote his words from *Hansard,* page 38, volume 1, session of 1936:

> No man, however great he may be, can in twenty-four hours, forty-eight hours or seventy-two hours complete a trade agreement with the United States. And if he does—or did—it would have only one result, that he has been properly trimmed. I think the latter alternative will be the one which history will show fits the case.

Subsequent developments have justified the government's action and shown up the then leader of the opposition as a poor prophet. I am convinced that the agreements of November 17th last will be profitable to the farmers and lumbermen of my constituency. To the farmers, by opening important markets for their products; to the lumbermen, by facilitating the export of forest products, thus tending to decrease the unemployment existing in my section of Quebec province on account of the considerably reduced activity in lumbering operations.

Moreover, the present government has performed a national service. Indeed, is not the civilization which we hold so dear chiefly based on friendly relations between the English-speaking countries of the world? Between the Dominion of Canada, the United States of America, Great Britain and the other British Dominions? The agreements in question have strengthened the bonds of friendship which unite these two sections of the English-speaking world.

I wish to congratulate the Minister of Labour for his untiring efforts towards finding a solution to the unemployment problem and, more particularly, for his youth training program.

Extension courses in agricultural subjects were given in my constituency under the Bilodeau-Rogers agreement.

I would suggest to the minister the advisability of including in that program the training of tourist guides. The house is aware that, every year, numerous tourists from abroad, in search of beautiful scenery, and of fish and game, spend their holidays in the wonderful county of Gatineau. They ask for trained guides. But, unfortunately, one cannot be a guide, no more than a carpenter, without possessing the necessary knowledge. Accordingly, the Minister of Labour would be well advised to discuss with Hon. Mr. Bilodeau the possibility of giving that training to some of our young men.

The government has announced its intention to increase the National Defence estimates by $63,000,000.

I also know that the question of building plants for the manufacture of war material is under study. In that connection, I would ask the government to give careful consideration to the memorandum submitted by the town of Aylmer to the Department of National Defence.

A few miles from Ottawa, there lies a town, once prosperous, in which some 150 families are now unemployed due to the closing of the industries that had made possible the development of that town. Good sites and abundant electric power are available in Aylmer, as well as unspecialized workers anxious to learn a trade and work.

I would therefore ask the government to give serious consideration to the situation of Aylmer before taking a decision in regard to the building of a plant for the manufacture of war material.

(Text) I have so many friends both within and without this country, and especially in my own constituency, who speak the language of Shakespeare that I should be remiss in my duties of friendship and esteem if I did not say at least a few words in the language by means of which these friendships were born and nurtured. In the centre of my constituency, some fifty miles from the capital city, there lies a great stretch of uninhabited land, about ten square miles in extent, known as the plain of Kazabazua. The dense growth of red and white pine which formerly covered this plain has been completely wiped out by repeated forest fires, so that to-day this great tract of land produces practically nothing but a little grass and some blueberries. The soil is unsuited to mixed farming. I wish to ask the Minister of Agriculture (Mr. Gardiner) to have the soil of this plain analyzed by the experts of his department, with a view to ascertaining its suitability for the growth of flue-cured or cigarette tobacco. Should the experiments show that with the use of proper fertilizers this kind of farming could be carried on successfully, tobacco farming could be taught to those who wished to take it up. This would make it possible to place several hundred unemployed families on the land, to the great benefit of my constituency. On the other hand, should the experiments reveal that the land is too poor for farming of any kind, steps could be taken to retimber this plain, which formerly constituted a real preserve of white pine.

Last session the house voted $100,000 for surveys and expropriations in connection with the boulevard and national park in the Gatineau hills. No doubt hon. members will be pleased to learn that the engineers have nearly completed the survey work and that within a few weeks the government will know the definite layout of the parkway and the approximate cost of the undertaking. I have neither the time nor the ability to describe the picturesque beauties of this region, close to the capital city, which hon. members will be able to admire in a few years, after the boulevard is finished. I desire however, to ask the Minister of Finance (Mr. Dunning) to include in the supplementary estimates a substantial amount in order to get the work under way and thus relieve unemployment and distress among the poor people of the southern end of my constituency.

(Translation) We are living sir, in very difficult times. Economists, sociologists and statesmen seek remedies to the economic evils affecting our people.

Unemployment has been acute since 1930. I admit that it reached its peak in 1933. After that year, the number of persons under relief fell steadily from year to year. However it is still the most serious problem which our government must face to-day.

Successive governments have tried various remedies. I understand that the British North America Act prevents the present government from establishing unemployment insurance which would form the essential basis of a partial solution of unemployment.

The report of the Quebec Social Insurance Commission contains the following words, at page 203, on the subject of unemployment insurance:

Is it possible to establish unemployment insurance on a provincial basis in a federated state such as Canada? The answer is in the affirmative, for the example of Queensland, Australia, and of certain Swiss cantons prove the possibility. However, ordinary prudence suggests that unemployment insurance should be federal in character. It is very advisable to spread the social responsibilities over the whole country, for otherwise, the provinces which participate find themselves in a condition of inferiority with respect to the non-participants. It must not be forgotten that the expenses involved in social legislation should be incorporated in the net cost of production. If certain provinces do not enjoy the benefits of tariff protection, the industrialists of those provinces must of necessity aim at an equality in social obligations if they do not desire to embark on a policy of rivalry which is not only impossible to maintain, but is unfair.

Moreover it is easily understood that the establishment of unemployment insurance in only one province would prove a great attraction to the unemployed in other provinces and that this social measure would soon prove a complete failure. One must take into consideration the absence of boundaries between the provinces and the natural facilities of moving about in the country.

For that reason, I am in favour of a constitutional amendment on that point. However, Mr. Speaker, notwithstanding all their good will, governments cannot solve that serious problem by themselves.

Let us point out also that the responsibility of finding a remedy for unemployment does not fall only on the state. All citizens, and especially those who control the sources of production and the distribution of wealth, manufacturers, merchants and bankers owe it to themselves to collaborate first of all, and then assist the state in finding a solution, so necessary, for a national problem.

Ever since my election as a member of this house, I have heard groups of members suggest that the whole problem would be solved if monetary reforms were proceeded with, and if the purchasing power of every one were increased. I may say, Mr. Speaker, that the evil is not so much in the present monetary system as in the wrong use that is made of purchasing power.

I admit that there are people whose purchasing power is not sufficient to provide for their legitimate needs; in such cases, it behooves governments to step in, and even, under certain circumstances, to force employers to pay more reasonable salaries to their employees. On the other hand, what may be a fair salary for a single man, or a worker with, say two, three or four children, is inadequate for the head of a family of seven, eight or more children, and I consider that governments have the duty of helping the latter through a monthly or yearly allowance in keeping with his responsibilities. But, as I said, I feel that the trouble lies not so much in the lack of purchasing power as in the wrong use that is made of it.

I should like to illustrate my argument by quoting a few examples. Let us consider, for instance, the amount of money spent in Canada each year for alcoholic beverages. Statistics show that in 1937 a sum of $126,005,833 was spent for liquor. No one will induce me to believe that such a quantity of liquor was consumed by wealthy people only, neither can I be persuaded that it was used by tourists from other countries. Let us admit that, unfortunately, a large percentage of it is consumed by people of moderate means and by the needy. And much could be said about the amounts spent every year in this country for tobacco, and more particularly cigarettes. Statistics show that in 1937 a sum of $80,703,231 was spent under that item. I could mention a number of other items of expense which are not absolutely necessary and which bring about poverty and hardship.

I believe, Mr. Speaker, that we have too long been listening to those false prophets of better times to come who have prevented us from seeking the evil where it does exist and remedying it in the proper way.

The evil of the present depression lies in ourselves; we should study not merely the unemployment problem but the causes of poverty and the remedy it calls for.

I have read with some interest the four causes of poverty which were enumerated by the hon. member for Lethbridge in his speech on the address in reply to the speech from the throne, as reported on page 72 of the January 17 issue of *Hansard*:

> What are the causes of poverty? There are four. The first is debt; the second is taxation; the third is our faulty financial system—faulty either in its essential aspects or in the manner in which it is applied; and the fourth is our faulty method of distribution.

We all know that there are numerous other causes which have not been mentioned and which lead to temporary or permanent poverty; for instance, temporary or chronic diseases; the loss of crops through drought, overabundant humidity or rains, frost, hail, and so on; the destruction of property by fire; labour strikes, etc. Those are real causes of poverty and hardship which governments can neither control nor avert.

However, there are other classes of misfortunes which affect a certain class of society through no fault of theirs; I mean the sick, the infirm, the prematurely aged, the needy mothers and the orphans; and there again, governments are in duty bound to extend their help.

I do say that if we wish to save democracy from a threatened failure, we shall succeed in doing so not in extolling freedom but in educating the whole population, using for that purpose the same methods all over the dominion.

Politicians should be the first to undertake such educational work. Instead of suggesting to the people that their problems, more especially unemployment, will be solved one day it would be preferable to tell them frankly that poverty and destitution will never be banished from this world, for the words of Our Lord cannot be misleading and He did say:

> For ye have the poor always with you; but me ye have not always.

I believe the time has come for men who sincerely wish to save our civilization to join hands in educating the people, and I take the liberty of making, not a suggestion, but a recommendation to the hon. the Secretary of State, with a view to helping those who may wish to devote themselves to that task. I recommend that he should have printed in both languages the report of the Quebec Social Insurance Commission, including the two encyclicals *Quadragesimo Anno* and *Rerum Novarum* and have it distributed first to all members of this house, of the senate and of the provincial legislatures, to the clergy, both Catholic and Protestant; to teachers, financiers, manufacturers and bankers; once those people know perfectly well the whole social question as it affects our country, it will then be easy for them to impart such knowledge to all classes of the population and to spread a sound doctrine; we will then be in a position to assert confidently that our unemployment problem has been solved.

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, no one in the house is more pleased than I am at the possible visit of their majesties to this country next spring. May I emphasize the fact that I fully realize the great personal sacrifice which will be theirs.

Respecting the speech from the throne I could not do better than quote the following editorial from the *Farmer's Advocate* of January 26, 1939:

If the speech from the throne which set the wheels of parliament in motion at Ottawa does not conceal in well chosen words some very pleasant surprises, the present session will be a very disappointing one, so far as legislation is concerned. The intimation that substantial sums of money will be expended on public works has been received with alarm, rather than acclaim, and the reference to legislation dealing with agriculture conveys the promise that grain exchanges will be subjected to some needed reform, but no mention is made of an effort to find a solution of the serious wheat surplus. It is hinted that marketing legislation related to farm products will be brought forward, and this will be awaited with interest, for something will have to be done to lay the ghost of the Natural Products Marketing Act, which was enacted during the regime of a previous government, and constitutionally murdered by this one.

One great fact which in our selfish moments we are apt to forget is the British protection in past years to our foreign trade. We should be willing to show gratitude in return. What has Canada done in the last several years, so far as trade policies are concerned, to strengthen ties that bind the British empire? Nothing. I quote the following from the Toronto *Globe* of March 20, 1935:

Much tosh one way and another has been talked about the Ottawa agreements. They are not perfect, but this much at least can be said for them: They are agreements, and agreements to trade. The fact makes Ottawa all but unique in modern history. It also ensures to the people of the British empire an opportunity that they would do well to cultivate.

Then, I quote this from the Toronto *Globe* of November 15, 1935, just one month after the last general election:

Canada's exports increased $100,000,000. Sales to the United Kingdom and foreign countries show marked upturn in the twelve months period. Canada's external trade continues to improve. The increase in total business with the world for the twelve months ending September, was slightly over $100,000,000 over the previous year. Trade with all parts of the world, except the continent of Europe, showed a steady rise.

Exports to the world in the year ended September amounted to $696,532,559, an increase of $58,428,968 over the previous twelve months, while purchases from the world totalled $539,256,521, an increase of $41,857,858. Sales to the British empire amounted to $345,049,567, an increase of $21,103,617, and purchases from the empire were $169,542,030 or an increase of $16,557,770. Exports to the United Kingdom totalled $275,678,858, an increase of $14,245,014, and purchases from Britain amounted to $115,852,732, a growth of only $3,207,776.

A clerical friend of mine, addressing a large audience a few months ago and referring to the British empire, stated that in his opinion Canada was the garden of the British empire, and concluded that part of his remarks by saying that he considered Wentworth county and its vicinity as the garden of Canada. Naturally I agreed with him. It is because of that, and because of the people who have made Wentworth the garden spot of Canada, that I am standing here protesting against the reductions which have been made in the duties on market garden products. It is not a question always of price, but these importations from the United States glut our market to such an extent that at times we cannot sell our produce. What would the forefathers of many of these people, the United Empire Loyalists, say if they knew that their descendants were being deprived of the very principles for which they fought? What is New Zealand doing at the moment to protect her industries and to tie up with the British empire to a greater extent? In this connection I should like to quote from a recent Canadian publication as follows:

New Zealand Restrictions May Affect Canadian Trade

Amplifying cables received last month by the Department of Trade and Commerce at Ottawa announcing control of the import and export trade of New Zealand by means of licences, W. F. Bull, Canadian Trade Commissioner at Auckland, New Zealand, further advised the department that "At the moment the long range effect of this legislation on Canada's trade with New Zealand is not clear. However, it is reasonable to expect that the movement of goods from Canada to this country will be restricted and in certain instances seriously reduced." Mr. Bull reports that the Prime Minister, the Honourable M. J. Savage, has stated that the import control was not a temporary measure to correct the exchange position, but a permanent measure to cushion or insulate New Zealand against depressions abroad. The New Zealand Prime Minister is quoted as saying, "We want to increase our trade with Great Britain. To the extent that we are able, we want to spend every penny of the sterling proceeds of our exports on buying British manufactured goods. The only sensible way is to select the goods we want to buy from Britain. It is all a question of scientific selection of imports.

This same method of import selection is the most effective way of building up our own industries. We are going to give New Zealand manufacturers a definite market if they can turn out goods. To the extent that they cannot, we will import goods from abroad. I want to say most emphatically that what we are introducing is not a barrier but regulative procedure."

I am protesting against tariff reductions, especially reductions on poultry, hogs, the products of the market garden, fruit farms and hothouses, as well as on the different manufactured articles produced in my part of Canada. The irony of it lies in the fact that a great percentage of those people who

are opposed to these tariff reductions are or rather have been followers of the Liberal party. My Liberal opponent in the campaign of 1935 stated that he was against a reduction in the tariff on fruits and vegetables, and I believe he made that statement in all sincerity because he is a fruit grower himself. Let me say right at this point that I know of hon. members sitting with the government who are just as much concerned with these reductions as I am. If they do not rise in their places in this house and speak against these reductions, the responsibility will be theirs. They will not be representing the people as they should.

We should encourage and make every effort to improve British empire trade instead of fiddling with this one-sided agreement with the United States. In this regard I should like to read part of an address given by the President of the United States, Franklin D. Roosevelt, before the American farm bureau at Chicago, Illinois, on December 10, 1935: He said:

Some individuals and groups are trying to stir up farmers against other phases of the broad recovery program. Dispensers of discord are saying the farmers are being victimized by the new reciprocal trade agreement with Canada, and are painting pictures of a great flood of imports of farm products rushing across the border.

Agriculture, far from being crucified by this agreement, as some have told you, actually gains from it. We export more agricultural products to Canada than we have imported from her. We shall continue to do so for the very simple reason that the United States, with its larger area of agricultural land, its more varied climate—

That is one great thing in their favour.

—and its vastly greater population, produces far more of most agricultural products, including animal products, vegetables and fruits, than does Canada.

In the case of the few reductions that have been made, quota limitations are set on the amount that may be brought in at the lower rates. On the other side of the picture, we believe, and most unbiased men believe, that the general increase in our trade with Canada, including the exports of our factories, will so add to the purchasing power of hundreds of thousands of wage earners that they will be able to spend far more than they do today for the products of our own farms, our own forests, and our own fisheries.

To supplement that I should like to refer to an Associated Press dispatch from Kansas City, dated May 20, 1936, as follows:

Says United States Trade Agreements Are Bearing Fruit

The trade agreement with Canada came into force January 1st, 1936. Exports to Canada during the first two months totalled $52,300,000 in contrast to $46,100,000 for the same two months of 1935.

[Mr. Lennard.]

Of even more striking significance is the fact that the increase of exports on items on which Canada granted (tariff) concessions amounted to 26 per cent, whereas exports of nonconcession items increased by only eight per cent.

What do these trade agreements do for the market gardeners and fruit growers of this country? The following is one shining example of how they are being sold down the river. The United States' attitude with respect to these new trade agreements is as follows:

Certain concessions were made, one a reduction on frozen blueberries from Newfoundland. Why? Because they say Canada has made concessions on American strawberries and other berries which cover a large volume of trade.

How in the world is that going to keep many of our primary producers from going to the wall?

On page 60 of *Hansard* the right hon. Prime Minister (Mr. Mackenzie King) is reported as follows:

Men will not put out their money to invest in the different industries. They are withdrawing their capital from industry. Ask the Minister of Finance (Mr. Dunning), who is sitting here to-night, how much of the investment of capital to-day is going into government securities at a low rate of interest in comparison with what took place in former years. It has deprived manufacturing industry and our primary industries, and the like, of the capital they need. Why is that?

I will tell you why. Industrially Canada is virtually standing still. Foreign capital has practically deserted this market. Except in mining there have been few industrial developments during the past three years. There has been too much tariff uncertainty and labour unrest without the compensation of domestic economic stability. The Prime Minister said that the great majority of the people of Canada favoured the trade treaties. I venture the opinion that not one person in a thousand, if he were asked to-day what he thought of the new United States trade agreement, would say that he knew very much about it. And ninety-nine manufacturers out of a hundred, if asked the same question, would answer in a similar way, that they knew very little about these agreements at the moment. For anyone to say that these new trade agreements are acceptable to the people of Canada generally is absolute rot.

As regards the Canadian Broadcasting Corporation, it seems strange to me that the government should spend thousands of dollars annually to collect licence fees to enable a concern to flourish over which they claim to have very little control. I repeat, Mr. Speaker, what I suggested on one occasion last session, that if this radio tax is necessary, it should be placed on the price of the

set at the manufacturing source, and should not be a nuisance tax costing thousands of dollars annually to collect.

The hon. Minister of Transport (Mr. Howe) neglected to answer satisfactorily my question whether the ex-service men he will appoint as vendors of radio licences will receive their appointments upon the recommendation of officials of veterans' organizations; nor did he say anything as to recommendations from the veterans' assistance commissions, composed of volunteer bodies of outstanding citizens in the different centres across Canada. I will tell the house, however, who will make these recommendations. They will be made by Liberal members of parliament, by defeated Liberal candidates, and by the presidents of Liberal associations in the different ridings, and I doubt very much if there will be many ex-service men appointed.

Let us turn for a moment to the hon. Minister of Labour (Mr. Rogers). Last January, and again last July, he stated emphatically that in the matter of relief costs the responsibility was principally on the province and the municipality. But now there has been a change of heart, a change with which I believe the municipalities are thoroughly satisfied, their share now being 20 per cent of the cost. But what the mayors of the cities and towns of Ontario particularly want to know, and what I myself want to know, is this: Is this government sincere in this change of policy? Is it to be the permanent policy of this government? Or is it simply a red herring being drawn across the trail in an attempt to catch votes at the forthcoming federal election?

In conclusion, Mr. Speaker, regardless of what conditions are, it is about time that Canada stated officially that she was with Great Britain in this her hour of trial, and in saying that I am speaking not for myself alone but for the great majority of the people whom I immediately represent in this house.

Mr. D. E. BLACK (Chateauguay-Huntingdon) (Translation): Mr. Speaker, as I have the honour to represent a great number of French-Canadian voters, I take pleasure on this occasion in addressing my first words to this house in the French language, so as to show my esteem for them, for their language, their integrity, and their contribution to the progress and development of this country.

Our fellow citizens of French origin have done much to make Canada what it is to-day, by their loyalty, their industriousness and their honesty. We feel grateful to them for that. By our daily contacts, they have learned that they can always depend on my cooperation, and my sense of justice. I shall always be ready to help them and to be a real advocate of good understanding between the two races.

I would like, sir, to be able to continue my remarks in French; but as it is not my language,—although I considered it my duty to learn it a little,—I shall have to continue in English.

(Text) Every one in my constituency of Chateauguay-Huntingdon, Mr. Speaker, deeply appreciates and takes great pride in the forthcoming visit to Canada of Their Majesties the King and Queen, and we shall be with them in spirit throughout their stay in Canada.

I should also like to take this occasion to express our thankfulness for the return to health and to his duties in this house of the Minister of Finance (Mr. Dunning). We trust that his health will continue to permit him to carry on his duties as Minister of Finance as ably as he has done in the past.

The new ministers who have been appointed to the cabinet are also to be congratulated, and we know that in the discharge of their duties they will meet with the expectations of the government.

May I also congratulate the hon. leader of the opposition (Mr. Manion) upon his election to the leadership of his party.

I feel that I am expressing the opinion of the citizens of my county and of the country at large when I state that we appreciated very much the calm attitude of the Prime Minister (Mr. Mackenzie King) in regard to the European crisis in the troubled days of September last. We know that he stands for peace, and if eventually this country is drawn into war, we shall know that it was the only alternative left and one that we were bound to take.

The counties of Chateauguay-Huntingdon, which I have the honour to represent, border on the state of New York, and in these two counties there are eleven customs ports with an efficient staff of customs and immigration officers, who are doing their utmost to carry out the customs and immigration regulations faithfully and well. Among the largest of these ports are Lacolle, Cantic, Trout River and Henrysburg. These ports daily take in by way of revenue some $3,000.

The county of Chateauguay, Mr. Speaker, is 73 per cent rural and has a total of 1,649 farms, with an average value of $9,000 per farm.

The county of Huntingdon, which I also represent, is also rural to the extent of 83 per cent of its population. The 1,784 farms there have an average value of $7,182. I would have you note, sir, that in both of these counties the values are above the

average value of Quebec farms, that average generally speaking, according to the last census, being slightly over $6,000. Both of these counties are very favourably known throughout this entire country, as well as in the United States, for their high grade live stock and dairy cattle. The fact that we are doing considerable business with the people south of the border goes to show that our cattle are always in great demand among our southern neighbours.

As I do not wish to extend this debate indefinitely I shall confine my remarks to the advantages brought to us since 1936 as a result of the trade treaties which this government, upon coming into power effected with the United States. Being in the cattle business for a number of years I am able to bear practical testimony to the assistance given to our farming class by the commercial intercourse which we have had and are now enjoying with our neighbours to the south as a result of the three-way treaty, the benefits of which have already been experienced by our farmers. A comparison of conditions among our farming population to-day with those that existed in 1935 would not be amiss. In 1935 there was very little demand in the United States for our cattle, horses, hay and other farm products, compared with the demand that has existed since 1936. In 1935 I find that ordinary cows were selling for $45 to $50, compared with $65 in 1936 and $85 to $90 in 1937-38. Purebred stock was also selling during those same years at from $100 to $150 and upward according to quality. The duty on hay going into the United States in 1935 was $5; in 1939 it is $2.50. The duty on straw in 1935 was $3, and is now 75 cents a ton. Since 1935 the cattle trade of my county has greatly increased, not only with the United States but also with the United Kingdom. Farmers were receiving in 1938 prices ranging from $70 to $90 per head for two and a half year old heifers for export to the United Kingdom, and grade cows commanded for export to the United States $75 to $100, which was an unheard of thing from 1930 to 1935. Likewise, registered cows sold at from $125 to $200, and our supply was practically exhausted in 1938. As regards the horse trade, the $30 duty of 1935 exacted on horses entering the United States was replaced by a duty of $15 as a result of the trade agreement made between this government and the government of the United States.

I call attention to the fact that these are not estimated figures, but figures representing actual transactions. I challenge anyone to gainsay the benefits that our farmers have derived as a result of the trade agreements with the United States and the United Kingdom. This shows that our government, our Minister of Trade and Commerce (Mr. Euler) and our Minister of Agriculture (Mr. Gardiner) are all duly seized of the importance of doing their utmost to help our farmers and other primary producers. We are very thankful for the policies of the Department of Agriculture, and may I say that our farmers appreciate any help afforded them in improving breeds and finding more markets for the profitable disposal of our surplus crops or other farm products.

That the farmers of Châteauguay-Huntingdon know their business is attested by the fact that many champion Ayrshire and Holstein cows and sires were developed by our farmers, and the counties are famous for their high-grade cattle. At the royal winter fair in 1938 the champion Ayrshire sire as well as the champion Ayrshire dairy cow belonged to farmers of my county, an honour to be proud of indeed.

Of great importance to our farmers, although perhaps not on so large a scale as dairying, are the treaty results obtained in our county as affecting apple growers. The interests of the latter have surely not been sacrificed, since our producers have on the British market a preference amounting to 92 cents a barrel over the United States shipper to the United Kingdom.

The great difference between Conservative speakers and Liberal speakers, as shown in this debate, is that the former are anxious about the manufacturing interests, while the Liberals, without sacrificing these interests, are concerned about the primary producers.

Before closing my remarks I do not wish to allow this occasion to go by without giving voice to the satisfaction of the people of my county with the very favourable results which they have derived from the trade agreements with other countries, and especially with the United States. And let me say that in my opinion the best way to solve the unemployment situation is to improve the agricultural situation, to widen the markets for farm produce and to do all in our power to create a better buying power for the farmers of this country. Forty-six per cent of our population live on farms, and if they have adequate buying power this will go a long way towards absorbing unemployment, because the farmer needs more machinery, hardware, lumber, roofing, paint, fencing, furniture, clothing and household supplies. I have had thirteen years' experience behind the

counter in a general store and have personally witnessed the advantage to trade and commerce when farmers have good buying power.

Mr. G. H. HÉON (Argenteuil): Mr. Speaker, I shall speak half of my allotted time in the language of the majority of my constituents, which is French, and shall devote the latter part of my address to the expression of my opinions in the English language, because thirty-five per cent of the population of my constituency is of English or Scotch extraction. Each and all of my constituents are peace-loving, broad-minded Canadians, not at all concerned as to the creed or ancestry or language of their neighbours, but most respectful and considerate of each others' opinions. There are no racial, religious or linguistic disputes among the people of my constituency; we solved a long time ago the question of national unity and understanding by dropping from our vocabulary such expressions as "majority" and "minority," by treating one another as equal and by learning one another's language.

I have the honour, sir, to represent a constituency which gave to this country Sir John Abbott, a former prime minister, whose distinguished daughter, Doctor Maud Abbott, is a constituent of mine. Argenteuil also elected to this house the late Sir George Perley, whose sterling qualities and gentlemanliness were well known both in Canada and abroad. May I inform this house that such was the late Sir George Perley's generosity that I do not think there was in the constituency one destitute family which did not benefit at one time or another by his munificence. I could add that there is not one church, Catholic or Protestant, which did not receive at some time a substantial cheque. His material kindnesses, quite contrary to the kindnesses of some politicians I know, extended far beyond the pre-election periods.

(Translation). Mr. Speaker, the county of Argenteuil, which I have had the honour of representing for the past year, contains a historic site which is too little known. I invite hon. members to visit it when they can find time to do so. It is on the spot where the picturesque Argenteuil village of Carillon stands to-day that was fought in 1660 the glorious battle of Long Sault where Dollard des Ormeaux and his companions saved the new-born Canadian colony. Such a visit would convince my hon. friends that a race which has gone through the test of such sacrifices cannot perish nor allow itself to be absorbed, and that the French Canadians of to-day are penetrated with the same love of their country and the same indomitable will to survive.

Our hon. friends of English decent would judge us much less severely if they studied our history—and they should study it; they would gain a better understanding of our intellectual outlook, of the legitimacy of our claims, of our honest and firm intention of upholding the rightful interests of our country by always placing, both in our foreign and our domestic policy, the immediate welfare of Canada before that of any other country.

On this point, I believe that the entire French-Canadian representation in this house, whether Conservative, Liberal or Social Credit, is unanimous or at least should be. We may as well state it right now, for the constitutional and political history of Canada has eloquently proved it: the French Canadians, whenever it has been a question of their best interests, have forgotten their petty political quarrels in order to unite under a common standard.

Circumstances which are none of our seeking and which we should have avoided, as well as an ill-advised foreign policy concerning which we have not been really consulted, may perhaps make it necessary for us—much sooner than some believe or desire—once more to forget party lines and join forces to defend what we consider the most sacred interests of our country.

I come from Conservative stock, Mr. Speaker, and I am not ashamed of my party. A political party that has given to the Canadian nation men like Cartier and Macdonald; that has supplied a prime minister like Tupper—who fell for having defended the French-Canadian minority in Manitoba against the great Laurier whom my hon. friends opposite constantly evoke to justify themselves and get themselves elected in Quebec—a party that has been able to attract to its ranks a man of the intelligence and ability of the Right Hon. R. B. Bennett, is absolutely honourable and deserves to continue to play a leading part in the political life of Canada.

At the Conservative convention of July last I loyally and sincerely supported the candidature of the present leader of the party, because of all the candidates he was the one who, in my opinion, could best understand the French-Canadian Conservative mind. He is the leader of the party, and I must say in all fairness that his declarations regarding immigration have particularly pleased me and that I am entirely with him on that point.

The other day, my hon. friend from Champlain (Mr. Brunelle) did me the honour of mentioning my name in the course of the remarks which he deemed proper to make

in connection with the Conservative convention. I may say to my hon. friend that if he would only stop to consider what might happen during a national Liberal convention—if any credence is to be given to what is being rumoured in the lobbies of this house with reference to the proceedings at Liberal caucuses being held these days—he would remember that those who live in glass houses should not throw stones.

At the convention held in July last, I stated that if the Conservatives wanted to secure again the votes of French-Canadians—which they obtained in large numbers in the times of Cartier and Tupper—it was imperative for them to consider more favourably certain French-Canadian claims and opinions. I have nothing to withdraw from what I said on that occasion, and if I were to address a convention, meeting or caucus to-morrow, I would say the very same thing, and in identical terms. But, Mr. Speaker,—and in this I differ from some of my French-Canadian friends who sit at your right,—I am not so blinded by party politics and I am not so tied that I should have to vote for the party against what I should deem to be the best interests of the country, of my province or of my constituents. When I offered myself as a candidate in February, 1938, I asked my electors to give me full liberty of action; this they did, giving me twice the majority which had been obtained by any of my predecessors. I am thus their representative and I am constantly endeavouring to reflect their opinion. I shall vote in conformity with certain essential political principles in which I do believe and in accordance with the best interests of my constituents, even though this should bring me into conflict with certain statements made by influential members of my party. That is my conception of my duty as a member, and I shall ask my constituents to judge me by what I have done and shall do until the end of the session. I feel that I have not been unworthy of their trust and I am prepared to face them again at any time.

My hon. friend, the member for Portneuf (Mr. Gauthier), expressed the fear that the situation of 1911, 1914 and 1917 would repeat itself. For my part, I hardly think that possible. We have developed and grown older since that time. The cruel experience of that period is so fresh in our memory that our compatriots could not submit willingly to the ill-usage due to the strange attitude of public men of both parties at that time. If the two older parties wish to avoid the creation of a third party which, as Hugo would say, "is already boiling in an overflowing urn," they will have to give greater consideration to the purely Canadian sentiment and they must admit, more than they are prone to do at the present time, the opinion of those who believe that, as André Maurois said, "Men of canonical age do not possess the absolute right to legislate with regard to the ultimate fate of those of cannon-fodder age"—*l'âge canonique n'a pas le droit absolu de légiférer sur le sort ultime de l'âge canonable*—.

On that condition only will the two great parties preserve their prestige and keep the confidence of the electors. If my hon. friends on both sides of the house question the truth of my words, let them inquire from their unbiased organizers, their relations, their friends, the man in the street, the young men and women, the mothers and the wives. They will then learn the real sentiments of the Canadian public.

It is useless to go on deluding ourselves: the two great parties are losing their hold on the Canadian people. If they are to endure, and I think they must endure, it is high time for them to awaken to a realization of the facts and to regain the confidence of the industrial worker, the farmer, the business man and more particularly of our youth.

This house must remember that it truly remains the representative body of the people only so far as it reflects and expresses the people's opinions, only so far as it legislates in accordance with the present needs of the nation. If this government proposes to enact measures relating to matters that were not discussed during the electoral campaign of 1935, and if they fear a situation where they would consider themselves bound to pledge the revenues, the lives and the future of the nation, they should go back to the people in order to get the popular endorsation of every item of their new policy before binding themselves further. Having consulted the electors, and only then, the newly elected government will be in a position resolutely and constitutionally to follow the lines laid down for them by the Canadian people.

The five French-Canadian ministers, who I regret to say are not in their seat except the Minister of Fisheries (Mr. Michaud), will understand my meaning perfectly. I may remark in passing, and in all sincerity, that I can well understand their anxiety. And perhaps they, too, can now better understand the true situation of the French-Canadian Conservative ministers during the last war.

It may be that at last we are to see the end of the everlasting charge of war and conscription with which our hon. friends of the Liberal party have managed to get into

power at general elections from 1921 to 1930. The hour of retribution is coming; it is approaching. I believe in immanent justice, Our hon. friends of the Liberal party will shortly have to defend in Quebec the policy which they formerly combated with the same fine sincerity which they are showing to-day. The most sincere of the hon. members opposite—one of whom is making a sign to me that it is not so—have already made confessions which do them credit but which irrevocably condemn the policy of their party, and that nobody can deny.

Mr. DENIS: The same thing could be said of your party.

Mr. HEON: I have already said that I was speaking as a free man.

(Text) I wish to commend most warmly the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address. To the mover I express my wish that the short time he will spend in the house will be pleasant. To the seconder I express my thanks for having shown this house what the modern young French-Canadian is: tolerant, bilingual and fully alert to the national issues of the day. I could not express my thought better than to say that as I listened to him the other day I was proud to think that I was a compatriot of his. There should be more men of his type in the house.

The McCullagh controversy gives me an opportunity to make this statement: I have been in federal affairs for only one year, but I am frankly discouraged by the apathy, distrust and lack of support the elected representatives of the people are receiving from those who should, through their influence and wealth, give of their time and efforts to inspire faith and confidence in our system of government. No man has the right to shout that democracy is in danger and must be saved if at the same time he tries to break up those institutions which uphold and guarantee democracy in this country. With the very difficult domestic and external situation, Mr. Speaker, this is no time to ask Canadians to distrust their public men and elected representatives, or to ask them to believe that they are a group of impotent misfits. Fair, intelligent criticism is always welcome; public opinion must be kept on the alert, but it is not fair to suggest wholesale wrecking of the constitution or a wholly impractical change in our system of government when public sentiment is already in a dangerous state of unrest. I am afraid Canada suffers from an overabundance of corner-store prime ministers and armchair opposition leaders, but it lacks men with courage to seek a mandate from the electors, at some cost of time and money, who will come to this house to explain their theories and defend their viewpoints. These gentlemen, I imagine, keep scrupulously away from conventions and nominations, and usually can be found on the golf links on voting day. So far as they are concerned, they are getting better public men and better government than they deserve. I cannot for the life of me understand why the Canadian Broadcasting Corporation or this government has refused to give the air to some of the more radical proposals of Mr. McCullagh when the majority of the Canadian people already have done so.

Their Gracious Majesties, who are the sovereigns of this autonomous dominion within the British commonwealth of nations, have kindly consented to visit us. Let us hope that the international situation may not become such that we shall be deprived of the pleasure of seeing them, and all Canadians will pray that the trip may be thoroughly enjoyable to their majesties. In Quebec the king and queen will find Canadians of French descent and Canadians of English descent living together most harmoniously, extending to one another the most generous and courteous treatment, such as should be the case in all lands where dwell the two principles of British fair play and fair dealing. These two racial elements are united in a common loyalty and allegiance to that symbolic crown which to them represents autonomy, freedom, justice and tolerance.

Let no one doubt the loyalty of the French-Canadians to the king of their homeland. Such is the mentality of the average French-Canadian, and such is his fundamental honesty, that he cannot conceive of anyone doubting his respectful attachment to the king and the crown which he wears so nobly. The loyalty of my compatriots, Mr. Speaker, is not sentimental or boisterous; it is not expressed by continual, meaningless flag-waving; it is rather cool, deliberate, intelligent loyalty of mind and judgment, and I sometimes wonder if that does not offer a greater guarantee of permanence than the other kind. The second governor of Canada, Lord Murray, seemed to think along similar lines when he wrote the home government that the French-Canadians were—

—the bravest race on the globe, and would become the most faithful set of men in the empire.

And was it not Lord Elgin who wrote?

Who knows but that the last hand to wave a British flag on American ground will be the hand of a French Canadian.

Then, Mr. Speaker, it is fair to say that Canada is the one and only country to which the French-Canadian feels he owes his de-

votion, his love and his life; but though his heart will throb to the tune of O, Canada, no Canadian will more sincerely or more piously sing to God that the king of this autonomous dominion within the commonwealth will be saved, made happy and glorious, and, most of all, victorious over all his enemies of to-day or to-morrow.

The speech from the throne refers to federal-provincial relations. I need not dwell on these matters now, but it might not be amiss to state at this time that this whole subject is an exceedingly delicate one, fraught with dangers and difficulties. The sittings of the commission have shown how much concerned the eastern provinces are over the subject of their autonomy, while the western provinces seem willing to transfer to the federal government those prerogatives which they are financially unable to exercise. A detailed trip through the west last fall has convinced me that no finer, stauncher Canadians can be found than those in the west. They have gone through a terrible ordeal and have real grievances. It must not be forgotten, however, that the eastern provinces have had hard times of their own, and although I imagine they would be prepared to go to the extreme limit in generous treatment and reasonable compromise, apparently they are not willing at this time to consent to amendments to the British North America Act. Speaking for myself alone, and with no authority to speak but for myself, I would say that the apparent distrust Quebec places on any move to amend the Canadian constitution is the fear that, once the door has been opened, there may come later on some hostile majority which will deprive the province of the prerogatives which it values most—autonomy as to language, religion, education and local government.

There is much talk about national unity, and I imagine hon. members opposite are going to use that as a political catchcry at the next general election. But I say to the house to-night: There is no surer way to augment the present disunity than to foster centralization and constitutional amendments at this time. Surely, with the situation as it is, we are not going to take the chance of provoking a cleavage between east and west. All other avenues must be explored before we resort to amendment and centralization.

Amendments will not put money into the pockets of our people, nor will they provide good crops for our western brothers. Centralization will not solve unemployment, nor will it bring back that healthy economic equilibrium which we once enjoyed. The remedy and the panacea lie elsewhere.

[Mr. Héon.]

That famous parliamentarian, Burke, speaking in the imperial parliament when the Constitutional Act of Canada of 1791 was being discussed, said:

> It would be pure folly to try to amalgamate two races with different languages and law. The constitution must be founded on human nature, if it is to remain stable.

These words should be borne in mind by hon. members at this time. It would be most unfair to suggest that the opposition to centralization is purely political and provincial. Provincial legislators I have had the honour to meet, from both east and west, are not at all devoid of patriotism and national spirit. They are only uttering the sentiment of their cabinets and other elected representatives of the people within their local assemblies. They should not, nor can they do otherwise.

Let us not forget the way in which we became a confederation, and those diversities which continue to prevail in race, religion and language. Whatever we do, we cannot change our geography, or the origins of our two main groups. And because we cannot do so there is, in my mind, just as much need for autonomy in local rights as there ever was. I have the utmost confidence that after the report of the Rowell-Sirois commission has been tabled and discussed, and an interprovincial conference held, cooperation and good will will prevail among the delegates of the dominion and the provinces, and some satisfactory solution will yet be found. I cannot say I have lost faith in the inherent ability of our Canadian public men to find a proper way out, just as they did in 1867.

The speech from the throne carries ominous warnings as to the international situation. I should like to express a few strictly personal thoughts on this matter. I want it distinctly understood that as I speak I am speaking for myself alone, and that no person in the house can be bound directly or indirectly by what I shall have to say.

First, I must confess that I cannot share the opinion which seems to be prevalent that we, the elected representatives of the people, should not dare discuss the international situation, or say or do anything which could be construed as meaning that we approve one policy or disapprove another policy of some country which apparently may be on friendly terms with us. There is a French proverb which says: "C'est du choc des idées que jaillit la lumière"—"A spark of light will come from the shock of ideas." That could be very well applied to discussion of the foreign policy to be pursued by this country, in the face of a continental war. The attitude that

opinions cannot be expressed at this time is wholly undemocratic and contrary to our standards. If there ever were a time when public opinion should be enlightened and given the true facts of our present situation, it is now. I am sorry to say that in my opinion at least the lack of pronouncement by the government on its external policy, and what it would do in the event of a continental war, creates unrest among all classes of Canadian people.

The policy so far has been directed in such a way that all shades of public opinion have been given the impression that the government's policy was their own. Imperialists have been led to believe that this government was sufficiently imperialistic to please them, while the isolationists have been given some indirect reassurance by the pronouncements of some of the ministers.

The bare truth is that none of us can tell what the policy is, and we would all be hard put to define it at this time. Prior to the right hon. Prime Minister's declaration of January 16, 1939, wherein he stated that when Great Britain was at war Canada was at war, and that parliament would decide, we did not know where we stood. It is all becoming a little clearer now. But it took a long time to bring it out, and the isolationist element of the cabinet seems to have been finally overridden.

It is quite clear that the hesitant yes-and-no external policy of the government has gone by the board, and that we have joined for better or for worse the world-rearmament race. We have not been told where the danger of attack comes from. We have not the slightest inkling of where the impending invasion lies, although four thousand miles of sea must be crossed before we are attacked, and the combined sea forces of Great Britain, France and the United States appear to stand in the way of an invader. These combined sea forces would not bar the passage of the enemy through altruistic motives alone; they would firstly be defending themselves and their commercial sea-lanes.

Now, can this country be attacked by air? I should like to quote from the book of George Fielding Eliot entitled "The Ramparts We Watch" as condensed in the *Reader's Digest* of February, 1939, at page 68. Mr. Eliot, by the way, was major of military intelligence reserve, in the United States army. He states:

> We need not fear air attacks from abroad. The record for distance flying is 6,295 miles, set by Russian fliers from Moscow to California. But for war operations, the aeroplane's radius of action is but one-fourth its maximum range; for the plane must return to its base. and it must be prepared to fight, to manoeuvre, to waste time searching for its objectives. Moreover, warplanes must sacrifice fuel load for bombs. All this brings down the warplane's range to less than 1,500 miles—about half the distance across the narrower of our two oceans frontiers.

Another military expert Colonel Frederick Palmer, writing in the Montreal *Standard* of January 28, 1939, says this:

> We are perfectly secure. No enemy can reach our shores. Yet we have never been more apprehensive lest we be attacked. . . . Until bombing planes can go more than 800 miles with a full bomb load, an air raid across 2,500 miles of sea is out of the question. But what if they come on aircraft carriers? Italy has no aircraft carriers; Germany two building. An aircraft carrier without fleet protection is an egg-shell to our destroyers and cruisers.

If the opinions of Mr. Eliot and Mr. Palmer can be taken with reasonable assurance, the attack would not come from the air. Under these circumstances, and assuming that Mr. Eliot's and Mr. Palmer's opinions are the considered opinion of the majority of our military experts, what is the purpose of laying particular emphasis on air defence? I say, without any disrespect, it appears to-day, just as it did in 1914, that we are still the rich uncle from America; that we are bound again to help make the world safe for liberty and democracy. When Britain is at war, Canada is at war! What an admission to make when 70,000 Canadians are sleeping their last sleep in France, and we have a two billion dollar war debt for having followed this now-antiquated policy in 1914! We are not able to save our own people from poverty, hunger and unemployment, and yet we can afford the luxury of spending hundreds of millions of dollars and risking possibly another 100,000 Canadian lives, a full generation of Canadians, to help pay for the glaring blunders of French and British foreign policies made during the last twenty years.

We have had no share in the framing of these policies; we have not been able to cast one vote in approval or disapproval of the public men of the countries who framed these policies, but now we are considered important enough to rearm and stand by their mistakes with our Bren guns pointed at the enemy. Then we are not a north American nation; we are only a glorified extension of Britain and France in America! According to this government, when Great Britain is at war, Canada is at war. What becomes then of the late Lord Stanley's declaration in Toronto when he was secretary of the dominions? I quote:

> Is Canada at war when Britain is at war? Certainly not. Canada has entire responsibility of her own. She is a sovereign state and decides for herself.

In whom are we to believe? If the words of the Prime Minister are to be taken literally, that when Great Britain is at war, Canada is at war, the foreign policy of Great Britain, whatever it may be, binds us to the extent that if the British foreign office decides upon war the decision applies to Canada de jure and de facto. That same policy propounded by the late Sir Wilfrid Laurier existed in 1889 and 1914. We have grown since, but we are not free, autonomous Canadians. We still remain colonials in the truest sense of the word. The two billion dollar war debt, the 70,000 brave Canadians buried in France, the 40,000 gallant veterans we have with us, have not earned for this country the right to decide for itself! In my opinion, this automatic commitment to war is the very negation of the autonomous dominion status we are supposed to enjoy. All the shouting that was done from the housetops during the 1926 general elections as to our sovereignty and autonomy, all the trumpet blasts and accompanying fanfare which greeted the statute of Westminster were mere shams. It does seem to me that in the domain of foreign affairs we are still little boys. It seems that we should be seen but not heard when it comes to the question of war.

We are told that parliament will decide. Decide what? What can this parliament decide if we are to be automatically at war? Is it to decide the extent of the participation? We all know what that would mean. There are no half-measures in war; if we are in it we shall be in it to win. There will again be high-powered propaganda and the imperialistic press shouting and calling for "the last man, the last dollar and the last cent." If hon. gentlemen would just recall some of the editorials and flamboyant front-page articles which appeared at the time of the Munich conference, they will easily understand what we may expect. Where will the Canadian voter be in all this? What voice will that body most concerned in war, the youth of this country, have in the matter? These two classes would not even be consulted. Parliament would decide. In my humble opinion this parliament cannot take upon itself the right to decide participation and extensive rearmament. The last general election was not fought on these issues, and the Canadian public has not expressed its opinion sufficiently for this parliament to know where it stands on these matters. If a state of national emergency is to exist; if this parliament is to engage this country in a future war, it should go immediately to the people and seek authority. Let us be frank and face the facts. Participation in a continental war will, whether we want it or not, be an issue at the next general election. It will most certainly be an issue in Quebec. I could not escape it in my own constituency even if I tried.

Colonialism or Canadianism! That will be the issue to be faced by most candidates in the forthcoming general election. I do not know what the verdict will be, but I refuse to think that colonialism is the regime under which the overwhelming majority of Canadians want to live to-day.

Sentiment must not be the deciding factor in an issue of this kind. There is not a single red-blooded Canadian who has any sympathy for nazism, fascism or the methods for which they stand. That is not the question. We must coolly and deliberately decide whether we shall forever mortgage this country's resources and man power, expend billions of dollars and sacrifice generations of Canadians for the benefit of those European governments which find it in their interest to enter into all sorts of secret agreements and manoeuvres for the balance of power. That is the question. Shall we become wedded to those intertanglements for which European politics have become famous? Shall we assume responsibility for all the vagaries of continental diplomacy which we cannot ever hope to prevent and on the course of which we have never nor shall ever be properly consulted? That is the issue.

I want to make it clear before I terminate my remarks that I am not a pacifist in the narrow sense of the word. I believe it is our strict duty to make this autonomous yet component part of the commonwealth invulnerable to attacks and invasion. If this government has been reliably informed that some foreign power has cast a covetous eye on this territory, and if this information originates from authoritative and unimpeachable sources, then it is our immediate and sacred duty to proceed with the speediest, most complete and most efficient plan for the defence of our homeland. I do not infer that we should never take part in any war. What I say is that any war in which we do take part must be a war in which something better than sentiment actuated by prejudiced propaganda is at stake. It must be a war that threatens our very liberty, independence and existence, and the issue of which would be of immediate vital concern to all of us. I say, my country right or wrong, but not fifteen countries.

Mr. WILFRID LACROIX (Quebec-Montmorency): Mr. Speaker, in rising to speak on the address in reply to the speech from the throne I desire to congratulate the mover thereof (Mr. Matthews) and to cite the

seconder (Mr. Chevrier) as an example to all hon. members. I believe the hon. member for Stormont has given the house a magnificent example of bilingualism which is a credit to the race he represents.

The hon. member for Carleton (Mr. Hyndman) suggested on January 20 that I withdraw my proposed resolution asking the house to change the name of Canada from "Dominion of Canada" to "Kingdom of Canada," and the designation of "Governor General" to "Viceroy", and also that the viceroy should be a Canadian. May I assure the hon. member that not only have I no intention of withdrawing my resolution, but on the contrary I am eager to have it approved by the house before his majesty's arrival, in order that we may confer upon him a title in keeping with the statute of Westminster, the drafting of which is due to that eminent statesman, successor to Sir Wilfrid Laurier and French-Canadian leader, who represents in this house the constituency of Quebec East (Mr. Lapointe).

Why should not Canada enjoy the same privileges as Ireland? Why should we not proclaim the fact that his majesty has been king of Canada since the imperial conference of 1926 and the statute of Westminster of 1931? We should indeed pray his majesty to consent to the amendment of his legal designation so that it may read as follows: "George VI, by the grace of God, King of Great Britain, Ireland, Canada, South Africa, Australia, New Zealand and of the British possessions beyond the seas, Emperor of India, defender of the faith."

Canada having equal status with the other members of the British commonwealth of nations and being autonomous in its internal affairs and in its relations with other countries, I would go so far as to say that this house should ask the government of Great Britain to abolish the post of Secretary of State for the Dominions, which has become unnecessary, there being no longer any dominions.

Further, I am strongly opposed to the doctrine that when England is at war Canada is at war. In that connection allow me to quote from an article published on January 19 last in the Quebec organ of the Liberal party, *Le Soleil*. Under the heading, "The simple solution of a complicated problem," the article says:

> By virtue of the Statute of Westminster and the principle of self-determination of peoples, we have the right to order our own national future, and the possibility of an early war makes it imperative that we should give the greatest care to our decision. This decision will have to be taken by the parliament of Canada, but it is the duty of all concerned, of the younger element of the population particularly, to make their will felt by a body of representatives subjected to influences both visible and invisible.
>
> In the statement he recently made on the subject the Right Hon. Mackenzie King expressed his opinion, which is based on a tradition formerly acknowledged by Sir Wilfrid Laurier. But when this illustrious Liberal leader disappeared from the scene Canada was only a potential nation still bound constitutionally to England and the British Empire.
>
> This bond could not have been broken, in all probability, without recourse to violence, inasmuch as the majority of the voters were then in favour of this imperial subjection. Since that time the Statute of Westminster conferred on Canada, in international law, a political latitude equal to that of England. It depends entirely on us to make this theoretical emancipation more than an empty word.

The article continues:

> It seems to be assumed on all sides that Canada would inevitably be drawn into any war directed against England. No account is taken of the right to neutrality. It is thus inferred that by a series of European or Asiatic complications the Canadian nation is irrevocably bound to the fate of an empire to which it still belongs. It would therefore be as a result of this bond that conflict would threaten to extend to America, thus drawing the United States, through the Monroe doctrine, in a world war. Such is evidently the English plan, but it is logically unsound. As a matter of fact, by its geographical situation and its continental interests, Canada is in duty bound to protect America against this danger. It can do so in two different ways: by leaving the empire; by accepting the Pan-American alliance offered by the United States.

Further on, the same paper says:

> It must not be forgotten that if we permit the sending of volunteers at the expense of the government to help England, a conscription measure might follow, to the misfortune of our country.

What is the best way, Mr. Speaker, to protect our country in that regard, if not to create an independent kingdom and officially to proclaim our neutrality, thus placing ourselves on the same footing as the United States as regards any future intervention?

Let us not forget that in the event of foreign troops invading our territory the United States, by virtue of the Monroe doctrine, is obliged to intervene. Let us make such intervention unnecessary, and let us allow peace to reign for a few centuries more on this north American continent.

We should keep out of European troubles and complications. Let us loudly assert our neutrality, thus giving to our country the true independence which it has won. On those conditions only shall I vote for increased defence appropriations. Otherwise I shall maintain the attitude I have held in years past. Much as I regret it for the sake of certain of my friends, I shall continue with some of my colleagues to sound the note of alarm.

The other day the hon. member for Rosetown-Biggar (Mr. Coldwell) uttered these words:

> Canada, however, should to-day be willing to join with other democracies in offering an asylum to a fair quota of sufferers, both Jews and Christians, in a broad humanitarian effort to relieve their distress.

Allow me, Mr. Speaker, to answer the hon. member by saying that the finest humanitarian effort that we could accomplish would be to give employment and bread to the 322,000 Canadians who in 1937 applied unsuccessfully to the national employment service for work. Before thinking of providing employment for German, Czech and other victims of persecution, we should seek to provide work for our own Canadians.

It must not be forgotten that more than one-tenth of our manual workers are still unemployed. In the single province of Quebec, from 60,000 to 70,000 sons of farmers are seeking a piece of land to operate. Most of the Europeans that we are asked to admit to this country have not the slightest intention to settle on the land. They will remain in the cities where they will take the place of our own workers, who will be turned out of their jobs. World history shows that victims of political persecution have usually been forced to emigrate with only bare necessities and have had to depend on providence for the rest. Therefore those who think that by opening the door wide to immigration of these refugees we shall be adding to the country's capital, are greatly mistaken. All requests for the admission of political or other refugees should be energetically opposed because of the economic disabilities under which our fellow citizens are labouring.

I had the honour to-day to lay on the table of the house a petition presented by the most powerful national society in Canada, the St. Jean Baptiste Society, bearing 127,364 signatures, protesting against Jewish immigration. Canadians of French and British descent, let us unite against the danger which threatens us in that regard. The present state of our public finances and the commercial and industrial situation forbid our opening our doors to immigrants, especially foreigners who cannot be assimilated into our civilization and traditions, which are the sole guarantee of the unity so necessary to assure a prosperous and happy Canada. I am confident that the government will take this petition into consideration and refuse to amend the immigration regulations in the manner urged by certain classes.

It is not my intention to speak on the address in reply to the speech from the throne, but I thought it advisable to submit to the consideration of the house the few observations I have just made.

On motion of Mr. Casselman the debate was adjourned.

On motion of Mr. Michaud the house adjourned at 10.35 p.m.

Tuesday, January 31, 1939

The house met at three o'clock.

MUNICIPAL IMPROVEMENTS

APPROVAL OF GUARANTEE BY ONTARIO OF LOANS TO MUNICIPALITIES

On the orders of the day:

Mr. PAUL MARTIN (Essex East): Mr. Speaker, I should like to ask the Minister of Finance (Mr. Dunning) whether or not the province of Ontario has signified its willingness to approve or guarantee loans to be made by the federal government to municipalities, pursuant to the Municipal Improvements Assistance Act.

Hon. CHARLES A. DUNNING (Minister of Finance): No.

RIGHT HON. R. B. BENNETT

OPPORTUNITY FOR REFERENCES TO RETIREMENT FROM LEADERSHIP OF PARTY AND MEMBERSHIP IN HOUSE

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask the Prime Minister (Mr. Mackenzie King) a question arising out of the first order of yesterday's proceedings having to do with the resignation of the member for West Calgary, the late leader of the Conservative party, Right Hon. R. B. Bennett. A short reference was made to it about June 30 of last year, but it was expected that the right hon. gentleman would be back here this session. I should like to know if the government would consider setting aside a little time some day this week so that hon. members may have an opportunity to pay tribute to the right hon. gentleman who was leader of the party to which I belong. In view of his lengthy services in and out of the house I think it only fitting that such procedure should be taken and that he be thanked for his services. I should not like to have it said that a prophet is not without honour save in his own country.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am afraid

I was not able to hear everything that was said by the hon. member. I shall read it in *Hansard* and let him have a reply later.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Monday, January 30, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, the speech of His Excellency the Governor General briefly expresses the views of the Prime Minister (Mr. Mackenzie King) and his colleagues with respect to the new trade treaty with the United States. It speaks of this treaty as "a far-reaching agreement", as "a constructive contribution toward a betterment of world conditions", as "furthering the ends of international goodwill," as a reduction of customs duties and excise "much greater than that made by any previous parliament or by any other country in recent years"; and, finally, as enlarging "the advantages of the agreement concluded in 1935". I do not intend to-day to combat each and every of these specious announcements, but I should like to refer to one or two of them.

In other official pronouncements it has been designated as a policy of appeasement. Last June in the house I made an analysis of the trade of Canada and the United States under the trade agreement then in force, and I showed from the returns brought down by the Minister of Trade and Commerce (Mr. Euler) that the increase of our exports to the United States of commodities, on which there had been no change in the United States customs duties under that agreement, was far greater than the increase of our exports under the schedule of commodities on which the United States tariff was reduced by that agreement. With the permission of the house I should like to place on *Hansard* a short table of only three lines in which I have brought down the figures to cover the corresponding period of the calendar year of 1938, showing for 1935, 1936, 1937 and 1938 the domestic exports from Canada to the United States, and segregating the value of those commodities exported on which a reduction of duty was made in the United States tariff. If I may be allowed to place the table on *Hansard*, it would clarify the comments which I may wish to make.

Mr. SPEAKER: The hon. member may do so only with the unanimous consent of the house.

Some hon. MEMBERS: All right.

Mr. CAHAN: The figures are as follows:

Domestic Exports from Canada to the United States

	Twelve months ended December 31st			
	1935	1936	1937	1938
Commodities subject to reduction of duty..	$ 35,723,003	$ 59,281,878	$ 64,582,861	$ 37,975,679
Commodities not subject to reduction of duty..	225,962,369	277,635,071	295,429,282	232,485,510
Total commodity exports, excluding gold..	$261,685,372	$336,916,949	$360,012,143	$270,461,189

Our exports to the United States for the calendar year 1935, the year before that trade agreement came into force, of commodities on which the United States tariff was reduced on January 1, 1936, amounted in value to $35,723,000. Our exports of the same commodities during the calendar year 1938 were $37,976,000. In compensation for all the tariff concessions which we made in that year to the United States, comparing our trade for 1935, before the agreement came into effect, with our trade for 1938, we gained merely $2,253,000 of export trade under the reductions of duties made by that agreement.

A comparison of our exports of commodities on which the United States tariff was not reduced shows that, exclusive of gold, our domestic exports to the United States of commodities respecting which there were no reductions in the United States customs duties under the trade agreement which came into force on January 1, 1936, were during the calendar year 1935, $225,962,369, while in the calendar year 1938 the same exports on which no reductions of duty had been made were $232,785,510, an increase in our exports on which there were no reductions in duties of $6,523,141 as compared with an increase of $2,252,676 in our domestic export of commodities on which the United States duties were reduced.

If our prospective advantages from this new trade treaty, which was signed on November 17 last, may be judged by those resulting from the previous agreement signed on November 15, 1935, the new trade treaty offers slight hope

of improving economic conditions in this country and even less prospect of proving a "constructive contribution toward the betterment of world conditions" or of "furthering the ends of international goodwill."

I wish that in the quiet hours that are available to him for reflection upon his official misdeeds as well as his official good deeds the Prime Minister (Mr. Mackenzie King) would carefully consider the basis of his capricious infatuation that by persistently endeavouring to appease the government of the United States we are promoting the cause of international peace. For myself I think that his pretensions in this respect are utterly fanciful.

I recall to the Prime Minister's mind the fact that during the five fiscal years of his regime ending March 31, 1930, Canada's imports from the United States exceeded the United States imports from Canada by $1,296,000,000, and that, nevertheless, that excessive drain upon the economic life of Canada was followed on June 30, 1930, while the Prime Minister was still in office, by the Hawley-Smoot tariff, which practically prohibited all exports of Canadian farm products to the neighbouring republic and brought Canada to the verge of financial ruin, and ruin was avoided only by the Ottawa agreements of August, 1932, which opened to us in a larger measure the markets of the United Kingdom and of our sister dominions. This country might have some ground for confidence if we could be inspired by the Prime Minister's illusive infatuation that the reduction of our modest tariffs against United States products, which will have the inevitable result of increasing unemployment throughout Canada, will nevertheless save civilization from international conflict. The Minister of Agriculture (Mr. Gardiner) says:

—the six cent preference has not benefited the wheat growers of the western or any other part of Canada.

And the Minister of Trade and Commerce (Mr. Euler) adds:

My colleague, the Minister of Agriculture (Mr. Gardiner) dealt with the matter (of wheat) the other day and I think showed conclusively that the preference was never regarded as of much benefit to Canada.

I put alongside of that statement articles which appeared in the columns of the London *Economist* dealing with the same matter. The London *Economist* of October 9, 1937, in publishing a series of statistics which it describes as the background for an Anglo-American treaty, notes that in 1929, before the date of the Ottawa agreements, Canada sold the United Kingdom 27,190,000 hundredweights of wheat, which increased in 1932 to 46,873,600 hundredweights and in 1936 to 57,842,000 hundredweights.

The Ottawa agreements were concluded on August 20, 1932. On the other hand, the *Economist* states that the United States sold to the United Kingdom 22,265,900 hundredweights of wheat in 1929, which was reduced to 4,627,200 hundredweights in 1932 and to 45,400 hundredweights in 1936. And so having given full statistics of the trade of the United Kingdom with Canada and the United States the *Economist* states:

It is beyond question that these (the Ottawa agreements) have dealt hardly with certain American agricultural exports, notably cereals, fruit, pig products and soft wood..... British imports of American bacon and hams, for example, have fallen from £7,364,000 in 1929 to £1,562,000 in 1936, while British imports from Canada have risen from £1,567,000 in 1929 to £5,536,000 in 1936. British imports of American soft wood (principally Douglas fir) have fallen from £2,109,000 in 1929 to £1,144,000 in 1936, while imports of Canadian soft wood have risen from £1,229,000 to £4,107,000. Senator McNary, of Oregon, complained in the United States senate last August that, thanks to discriminating tariffs, the United States had in 1936 supplied only six per cent of the British empire demand for north Pacific lumber against 74½ per cent in 1929.

Again, on November 26, 1938, after the Anglo-American treaty had been signed and when its terms were known in England, the *Economist* further states that:

Very few of the concessions made to the United States will result in any category of American goods being placed (in Great Britain) in a more favourable competitive position vis-a-vis the domestic producer.

That is, the British domestic producer.

Most of the agricultural products affected are not grown in this country, or where they are, the domestic producer is already safeguarded. In these cases the effect of the agreement will largely be to divert a certain quantity of trade from dominion (largely Canadian) to American hands, without increasing the total volume of imports.

And the *Economist* adds:

It is known that we have surrendered some of our preference in the Canadian market, and it may be presumed that, since Canada is a net loser by the British American agreement, she will be a net gainer by her own agreement with the United States, i.e., that the concessions she has given to the United States will be at our expense—

That is, at British expense:

—rather than at her own.

That is, rather than at our expense, at Canadian expense. And in a general summary the *Economist* says that:

Argentina gains from several of the reductions of duty on agricultural produce, notably from

the abolition of the duty on wheat, for which she is, with the United States, our largest foreign supplier.

Is it any wonder that the government of the United States, in a recent official pronouncement, quoted by the hon. member for Kootenay East (Mr. Stevens), concluded that:

One of the most important concessions is the removal of the duty on wheat which has been the equivalent to about six cents per bushel. This has tended to divert trade to Canada and Australia.

In his efforts to bolster up the trade returns so as to show an apparent improvement in our export trade, the Minister of Trade and Commerce issues from time to time statements of our exports which include the value of gold bars which we deliver to the United States in payment of our debit trade balances with that country. In order that I may clearly state the issue in my comments I should like, Mr. Speaker, with the permission of the house, to place another short statement on the record which shows for the calendar years 1935, 1936, 1937 and 1938, the official returns of exports to the United States from Canada, and noted therewith for each year is the value of our exports of gold bars to the United States, which are included in these exports.

Mr. SPEAKER: With the consent of the house.

Mr. CAHAN: The statement is as follows:

Summary of Trade of Canada with the United States

Calendar years	Imports from United States	Domestic Exports to United States	Excess of Imports over Domestic exports
1935	$312,416,604	$358,569,736	
Exports of gold..	....	96,884,364	
Exports, excluding gold..	....	$261,685,372	$50,731,232
1936	$369,141,513	$406,664,567	
Exports of gold..	....	72,747,618	
Exports, excluding gold..	....	$333,916,949	35,224,564
1937	$490,504,978	$470,181,046	
Exports of gold..	....	110,168,903	
Exports, excluding gold..	....	$360,012,143	130,492,835
1938	$424,754,993	$345,911,915	
Exports of gold..	....	75,450,726	
Exports, excluding gold..	....	$270,461,189	154,293,804
Total excess of Imports..			$370,742,435

Our imports of commodities from the United States in the calendar year 1935 amounted to $312,416,604. Our domestic exports to the United States for the same year are given by the minister as $358,569,736, although in fact there is included in that amount of our exports, gold bars to the value of $96,884,364, so that our export of domestic merchantable commodities to the United States was only $261,685,372, showing a real excess of $50,731,232 in our imports over our exports to the United States of merchantable commodities.

I see the Minister of Finance (Mr. Dunning) shakes his head. I defy him to find any inaccuracy in that statement.

Mr. DUNNING: It was very carefully worded.

Mr. CAHAN: I usually try to word my statements carefully and to be accurate.

For the calendar year 1936 the value of our imports from the United States was $369,141,513, as officially given in the returns of the Department of Trade and Commerce, while our exports to the United States of domestic products are given by the minister as $406,664,567, which includes gold bars to the value of $72,747,618, leaving an export of domestic merchantable commodities of $333,916,949, and showing a real trade deficit of $35,224,564 on our year's trading with the United States.

Mr. DUNNING: Is gold not a merchantable commodity?

Mr. CAHAN: No, gold is not a merchantable commodity in the sense that iron or steel or wheat is. It was not until after this government came into office in 1935 that an attempt was made to bolster up the trade statistics to show in the official returns an

increase in our exports to the United States by including therein the bars of gold that we were sending to the United States in payment of the international balances accruing out of the deficit in our real trade exports. And in 1936 that real trade deficit in our year's trading with the United States in merchantable commodities amounted to $35,224,564.

For the calendar year 1937, the value of our imports from the United States was $490,504,978, and our domestic exports to the United States, as shown in the official returns, amounted to $470,181,046; but these exports included gold bars to the value of $110,158,903, leaving an export of domestic merchantable commodities of $360,012,143, and showing a real trade deficit for the calendar year 1937, dealing alone with merchantable commodities which up until hon. gentlemen opposite assumed office in 1935 had always been the basis on which these records were kept, of $130,492,835 in our trade with the United States.

For the calendar year 1938 our imports from the United States were of the value of $424,754,993, as shown in the official returns, and our domestic exports to the United States, as given by the Minister of Agriculture in his address on January 25, were $345,911,915, but this included gold bars to the value of $75,450,726, leaving our real export of domestic merchantable commodities at the value of $270,461,189, and showing again a real trade deficit for the calendar year 1938 of $154,293,804 in our trade with the United States.

In brief, during the term of the trade agreement with the United States, which expired on January 1, 1939, our excess of imports of merchantable commodities over our domestic exports to the United States amounted to $370,742,435, and in part payment of these debit balances we delivered to the United States $258,367,247 in gold bars, which are accepted by every country in payment of international balances. We need no new trade agreement with the United States, we need to make no concessions to the United States to the prejudice of our domestic industry, in order to induce the United States to accept gold bars as a trading proposition. Gold bars are the medium of international payments in all countries in the world, and there is not a country on this side of the Atlantic or the other side that would not be very happy indeed to accept our gold bars in payment of any purchases our traders might make in those countries.

If these facts disclose any commercial advantages which we have received from our former trade agreement with the United States, I think we may all fervently pray that such advantages may no longer be dispensed to us in the form of debit trade balances for which we have to export our gold.

I repeat that it is only since 1935 that the government of this country has attempted to boost its statistics of export trade by including its export of gold bars as a trading commodity. But no trade agreement is necessary to induce foreign countries to accept bar gold. Gold is not an ordinary commercial commodity which is subject to customs duties, and gold has no place in trade statistics which are quoted to show the advantages of a reciprocal trade agreement between this country and the United States or between this country and any other country.

When, late in 1932 and early in 1933, I was in Paris endeavouring on behalf of Canada to negotiate a new trade agreement with France, the official representatives of the United States used all available tactics, and even intimidation, to preclude the government of France from negotiating any trade treaty with Canada that would even implicitly recognize the right of the United Kingdom and the dominions to grant to each other any trade preferences, basing their objections on the assertion that members of the British commonwealth were, in relation each to the other of them, really foreign nations, and urging that France should insist that the most favoured nation clause should apply to all the concessions we had made to Great Britain; and if hon. members have read that treaty they will notice that in that agreement with France I insisted upon an unusual form of drafting, by including a special use and application of the term "foreign nation" with respect to France.

In fact, from the time that the Ottawa agreements with the United Kingdom and other British dominions were signed at Ottawa on August 20, 1932, the State department of the United States and its representatives at foreign capitals have striven, by every possible means known to United States diplomacy, to weaken, and, if possible, to destroy the effect of those interimperial agreements.

On the day that the new trade treaties were signed, a special dispatch from Washington to the New York *Times* clearly indicated the official view of the Washington government that the new trade treaty between Great Britain and the United States "sounded the death-knell of the empire preference theory of trade among members of the British empire."

The *Times* special correspondent further reported:

It is believed on good authority here that Mr. Hull and his aides refused to consider any exchange of concessions on the basis of a preferential tariff for empire produce, which was considered, in principle, a form of discrimination against American commerce.

On January 25 the Minister of Trade and Commerce assured this house that the "new agreement reaffirms the principle of the British preference, and the United States is admitting that principle." In support of that statement the minister read from the seventeenth article of the new agreement as follows:

Nothing in this agreement—

I call the minister's attention to that.

—shall entitle the United States of America to claim the benefit of any treatment, preference or privilege which may now or hereafter be accorded by Canada to territories under the sovereignty of His Majesty the King.

That stipulation is obviously restricted to the provision that the terms of the treaty shall not entitle the United States to such preferences as may subsist after the treaty goes into effect, and it in no sense affirms the right of Canada to grant such preferences, and leaves the United States still free to condemn such preferences on diplomatic grounds other than the terms expressed in the agreement itself.

Mr. EULER: Is my hon. friend there expressing his own opinion or reading from somebody else's opinion?

Mr. CAHAN: No; I gave the citation and read the language, and I am now giving my own opinion with regard to it. It is so clear from a study of the English language incorporated therein that there is, I submit, no other meaning to it.

The Prime Minister's policy of appeasement is already proving insufficient to satiate the cupidity of politicians at Washington, who are now emulating Hitler and Mussolini in their claims for territorial expansion. I have seen an Associated Press dispatch from Washington, dated December 23, more than one month after this new trade treaty was signed, in which Robert B. Reynolds, democratic senator from North Carolina during the past six years, emphatically affirms that—

If Britain wants to prove her friendship for America, she could arrange for the transfer to the United States of a fifty-mile corridor from the United States to Alaska for construction of a super-highway.

A claim even more insolent than Hitler's claim to the Memel corridor or Mussolini's claim to Tunisia! The senator adds:

When American people think of Britain, they think of what Britain owes us and wonder why the debt isn't paid. Let them give us this fifty-mile corridor as part payment.

And then on reflection he adds, as an additional partial payment:

Let them deliver to us Bermuda.

Mr. EULER: It was not done, though.

Mr. CAHAN: Oh well, the agitation is still under way. Tunisia is not controlled by Mussolini, nor the Memel corridor by Hitler, but their claims are being urged, with the same persistency being shown as the United States has shown in dealing with this country.

Another Associated Press dispatch from Washington, dated December 8 last, announced that:

The new United States defence program, broadened to embrace the entire western hemisphere, may become a factor in deciding the long-standing controversy over development of the great lakes-St. Lawrence basin.

A war department spokesman said to-day that the huge seaway plan was being studied by the army high command in connection with other national defence matters.

What part the proposed project would have in any defence scheme was not disclosed. President Roosevelt said some time ago that demands for electrical energy by industry located in the St. Lawrence area probably would increase tremendously in time of war. . . .

President Roosevelt indicated a few weeks ago, however, that he intended to press the issue. He announced that he had discussed the new seaway treaty with Premier Mackenzie King when the Canadian Prime Minister was a recent guest at the White House. Mr. Roosevelt said that Mr. King agreed that speedy conclusion of a waterway pact was desirable.

Other political commentators in the United States have also declared that the voluntary assumption by the Washington government of the defence of Canada against foreign aggression would involve control of the navigation of the St. Lawrence river and lake system by the naval and military forces of the United States. Evidently an adequate appeasement of the Washington government will involve radical encroachments upon the autonomy and sovereignty of Canada.

There is no doubt that if the Anglo-American treaty shall serve to increase United States exports to Great Britain, it will also serve in like manner, and probably to the same extent, to restrict Canada's exports to Great Britain. On the other hand, if we may measure the possible advantages to Canada under the new trade treaty by the very meagre increase in our export trade to the United States under the former trade agreement which expired on January 1, then it is a safe conclusion that this new trade treaty will not serve to reduce, to any considerable extent, the widespread unemployment from which Canada now suffers.

Canada's economic condition can be improved only by increasing production in Canada, and thereby increasing the national income which

is the only source from which distribution can be made for the continuous employment and sustenance of our people.

The product of our gold mines will in every country find a natural market at stable prices, as gold is still the currency of universal acceptance for the payment of international debit balances; but, in the conditions which prevail throughout the world, increased markets can only be found for other primary products, either while the great nations are feverishly preparing for war or when they are actually engaged in carrying on war.

But the needs of our own people are manifold and ever increasing, and I am convinced that the satisfactory solution of the problem of unemployment in this country will chiefly be found in the rapid development and extension of our secondary industries, which are undoubtedly capable of very great expansion.

If members of this government, instead of conducting for months, and even for years past, futile negotiations with the republic to the south of us, which is now really as protectionist in sentiment as in times past, should devote themselves, for a time, to the development of the secondary industries of this country, unemployment would rapidly be abated. The time has come for the government to call into conference our leaders in industry, as well as the leaders of labour, to consider and devise ways and means for extending existing secondary industries and establishing such new industries as would have a reasonable prospect of success under stable tariff and stable monetary conditions.

It is futile to extol, in grandiloquent terms, as we are accustomed to do here, our vast latent natural resources, which will doubtless prove to be sources of vast wealth for succeeding generations of men who are sufficiently intelligent and courageous to take adequate measures for their development and for their utilization to supply the increasing needs of our people. Is this present generation of men and women incompetent to devise and establish ways and means for employing in domestic industry those of our people who are employable and who are now unemployed? I do not think so. We have ample funds and credits available for the purpose. But we can never achieve permanent prosperity by annual grants for temporary relief of the indigent, or by ever increasing our excessive national debt by large expenditures upon unproductive public works. That course only serves to hasten this dominion on the way to ultimate economic ruin; but, by increasing the volume of our domestic industry, by giving reasonable security to both capital and labour, and by establishing reasonable safeguards against the products of the conscripted labour and low living standards of competing foreign countries, we can and should make Canadians the most prosperous and happy people in the world.

If we can assure industry of stable tariff and monetary conditions for a term of five or ten years, industry can safely guarantee the employment of all labour that may be available. It cannot do so when radical tariff changes are so frequently made that industry cannot foresee the fiscal conditions which will confront it and cannot plan its business with confidence six months in advance. Let this parliament ensure such stable fiscal conditions, and let the government forthwith inaugurate a new deal, a beneficent advance, by convening the leaders of labour and the leaders in industry to devise and put into operation adequate measures to ensure the accomplishment of the ends which we all desire to attain.

Mr. R. W. GLADSTONE (Wellington South): I shall not endeavour to follow in a critical or analytical vein the very fine speech of the hon. member for St. Lawrence-St. George (Mr. Cahan). A gentleman highly trained in the law, he has turned his marked ability today to the discussion of certain phases of our economic and trade problems. My inclinations and training turn me usually to a consideration of the business side of government, but I should like to offer the hon. gentleman my words of tribute and praise for the fine service over many long years which he has rendered in this parliament to the people of Canada.

We have listened to many excellent speeches on the motion to adopt the address in reply to the speech from the throne. We have before us an amendment proposed by the leader of the opposition (Mr. Manion). The amendment adds to the motion one short paragraph, twice containing the words "the government has failed." We have an amendment to the amendment proposed by the hon. member for Winnipeg North Centre (Mr. Woodsworth). This accepts the amendment proposed by the leader of the opposition and adds thereto certain opinions respecting financial institutions and monopolistic enterprises. In his proposed amendment the leader of the Cooperative Commonwealth Federation expresses views with which in part I have much sympathy, but he has tied himself up with the leader of the opposition in a way that precludes me from voting with him on this occasion. The government may not have achieved everything that many of us would wish, but the government has not failed. Despite some distress,

where is there a country in the world whose people are so happily situated as the people of Canada? Nevertheless we must press forward to restore in Canada the happier conditions that prevailed before the war. I am confident that these can and will come again under progressive Liberal government. But it must be progressive.

I propose to-day to continue my efforts of previous sessions to bring better business methods into vogue in parliamentary procedure and government administration. On first coming to parliament I made a critical study of the unbusinesslike form of presenting the estimates for the expenditure of public money Last year I offered a resolution calling for a revision of the rules of the house. However, the government considered the rules to be not so bad. But is it not true that we waste time on relatively unimportant matters and do not come to grips in a businesslike way with matters of great national importance? What value to the country is much of the speaking in parliament? There is endless duplication of the same arguments. Many speeches contain valuable suggestions, but on account of lack of organization to develop the ideas into workable form many suggestions do not receive consideration. Political speeches should give way to business deliberations. Some means should be found of doing away with the prevailing type of bickering discussions and enabling us to assemble as earnest-minded Canadians determined to debate matters back and forth without *Hansard* recording it, exchange views, offer suggestions and arrive at prompt legislative action.

Recently three men visited me—a farmer, a factory foreman, and a merchant. The farmer said:

> My father bought a binder for $98 and sold wheat for $1 a bushel. I had to pay $250 for my binder and I sell wheat for 50 cents a bushel. Farmers cannot become purchasers of goods under these conditions.

The factory foreman said:

> I know you need adjustments to give you increased purchasing power, but they cannot be made through reducing factory wages.

The merchant said:

> The only relief for the two of you is through drastic reduction in the overhead of debt and cost of government. This must come speedily, by fair means or foul, to save the country from bankruptcy and for democracy. The government has done many helpful things, but we must move more rapidly towards new methods for this new era. Meantime the middle class of citizen is disappearing. Soon we shall have only the rich and the poor. Through our system money has gone into bonds rather than into channels requiring labour.

There you have the crux of the situation which frustrates development of our resources and deprives the present generation of work and the rising generation of opportunity to get started on a career. All honour to those who have struggled bravely to keep off relief and maintain their self-respect as true Canadians; but would anyone suggest that the morale of homes can be maintained under such precarious conditions of life? Youth in sheer desperation takes to the road, travels from place to place in search of work. The refusal must be enough to break any brave heart. Some keep on and on until they become transients. Recently I visited the Ontario reformatory at the meal hour and watched the groups of ten pass to and from the dining hall. There were some seven hundred of them, mere boys, the average age being 19·7 years. Fifty per cent of them are there for first and second offences of petty stealing. They are boys who have not been fitted into some definite work and are without pocket money. Bent on enjoying the pleasures that other boys have, they steal to get pocket money. Would these boys have found their way to the reformatory if they had obtained employment? I say decidedly, no.

Wider markets will help, but we need something further. Crushing overhead, in which the cost of government is a heavy item, is imposed on agriculture and industry alike. These taxes, added to the cost of goods, must be paid by the consumer. High costs of production will shut us out of export markets. Well, what are we going to do about it? If we follow the course of the last session we will talk and talk; it is the system. Is there no way whereby we can meet and discuss the needs of the country with the directness and dispatch of a board of directors in any business? We talk so much about matters of minor importance that there is little time or place for businesslike consideration of the larger issues.

The great railway problem is almost taboo in the house, except when we are called upon to absorb the annual deficit of about $50,000,000 of the Canadian National Railways. Just what is wrong with the system, past and present, of our federal administrative organization? Let me make it clear that my observations and criticisms throughout are intended to apply to all governments over the long past, and not only to the government of the day.

Do we, in the party systems of all parties, permit our organization set-up to approach too much towards dictatorships within democracies? Do we at times, provincially or federally, have leaders who momentarily become so powerful or so idolized that we condone temporarily their autocratic methods? Or do we build our administrative organi-

zation on a false economy? Do our efforts to save in small matters result in waste running into millions? We have provincial cabinets of fourteen members in Ontario and fourteen in Quebec. Those provincial ministers have time to clear their desks and give themselves freedom to receive the people and to move about for contacts with conditions and problems.

Until recently the federal cabinet was composed of fifteen members, but now there are sixteen. Federally we overwork some of our ministers until we wreck their health. The ministers have no leisure time to discuss broad issues with private members. In their offices our ministers are always cordial, but pressure of time brings about two-way welcomes,—"Glad to see you come, but more pleased to see you go." I venture to say that private members can mention scores of matters which should be studied, not by royal commissions but by groups of members in conjunction with ministers, and ministers' advisers, in the departments affected. Why not set a few members to work on such matters, choosing men of broad vision, men who are accustomed to dealing with problems from a business standpoint? I shall not take the time here to give more than two or three illustrations of the need for organized study between sessions of conditions which to-day are unsatisfactory. I would place those matters as follows:

1. Radio. I believe the directors of the Canadian Broadcasting Corporation are improving progressively our Canadian programs. It is difficult to suit all tastes, but I have confidence that generally speaking the matter of the preparation of programs is in good hands. I do believe however that the financing and collection methods need an immediate and thorough overhauling. The Minister of Transport can hardly be expected to appreciate the defects of the present system, because his time must be fully taken up in the direction of railway, steamship and aeroplane transport services.

2. Rural mail couriers. There is the feeling, quite generally held, that the basis of remuneration for these men in the mail service is not satisfactory. It is an old problem, and the new Postmaster General (Mr. McLarty) would be well advised to enlist the cooperation of members or of some other group of men to consider wherein adjustments can be made.

3. Public buildings. The Post Office Department does not pay for the buildings occupied. It does not pay interest on the cost of the buildings. It does not pay for light, heat, water, or janitor services, or anything else required about the premises. Consequently any announced surplus in the Post Office Department is fictitious. Likewise, the Department of National Revenue, in connection with many of the buildings occupied for customs and excise purposes, does not pay for any of these items. When we are erecting new public buildings for the joint occupation of these two departments, the Ottawa executives of each clamour for space for extravagant present and over-optimistic future needs. I understand the present Minister of Public Works (Mr. Cardin) has endeavoured to curb these demands, but I imagine he has not had an easy time getting cooperation towards economy. There are government offices in Ottawa where one official occupies as much space as the general managers of three or four large industrial organizations I could name. If we listened with our good ear we ought to be able to hear the demand coming from every part of Canada for lowering the cost of government. The protest is not only against the cost of too many members in federal or provincial houses; it is as much and possibly more against the multitude of employees, clerks, stenographers, inspectors, supervisors, technicians and others developing and carrying on practically identical services in many of the centres of government.

Some large business concerns do business in every province. From one head office the board of directors may formulate a general policy, arrange finances, conduct research, prepare general advertising and in the interests of economy and efficiency handle all matters which are more or less matters of common need to all branches. Periodically managers, sales managers, engineers, accountants and officers from the branches meet at head office in convention, as a business parliament, to discuss policies and programs. Have we not in any well-organized dominion-wide business the suggestion and example of a pattern for economic and efficient organization for the government of Canada? Why do not we get at it? Some say it is politics; they say we are politicians and there is nothing complimentary in that remark. We came here as a group of honest, well-intentioned men and women keenly desirous of doing our part for the good of Canada. I am satisfied that not many have lost their zeal to assist with every measure that gives promise of promoting a betterment of conditions.

Somewhere our system is wrong. It lends itself to too much speaking and not enough to businesslike deliberation. This has been true with all governments, regardless of what party was in power. Too much dependence is plac-

ed upon the initiative of the cabinet. Members who are warm supporters of the government on measures of policy know that, according to the rules of the house, an adverse vote on a comparatively minor issue may defeat the government. This rule should be amended to require an affirmative vote on a definite want of confidence motion to defeat any government. Such a change in the rules would promote independence of action on the part of the members.

After all, many of the electors are not worried as to what party is in power or when an election is to be called. Their primary interest is in employment and decent living conditions. When we think of unemployment we are apt to look at the Minister of Labour (Mr. Rogers) and criticize him because he has not provided work or pensions or insurance for every person in Canada. The Minister of Labour has to work under great handicaps. There is a limit as to what can possibly be done in his department. Those limiting conditions can be overcome only by the other departments of the government.

How can we rid ourselves of excessive costs in government? How can we speed up the development of our resources by private enterprise reasonably controlled? The Rowell commission is expected to help us answer these questions, but what of the many other important considerations that cannot possibly be touched upon by that commission? Here is where we need group leadership in foresighted planning. Every member should do more forward thinking so that time will not be lost. I say to my fellow Liberals in this parliament, we each have our responsibility, yet the blame for any inactivity on our part falls inevitably upon the shoulders of our leader.

Strengthened organization without the loss of a single day is a crying necessity. That is my recommendation to-day to the Prime Minister and to the government. I want to exonerate myself at once of the charge of selfish ambition. Let them free me of any suspicion of office seeking. My motives have to do solely with the needs of the nation. The distress of the people demands that a new fresh group of say five or seven members be set to work immediately to represent us all in definite forward planning. It matters little whether they be under-secretaries, ministers without portfolio or simply members of an advisory group, so long as they have the opportunity and the ability to think ahead for us along new lines. High qualifications are essential. It may be that the best equipped members from the standpoint of organizing ability may come from two or three provinces only. If that be so, let them be chosen accordingly, whether they come from Prince Edward Island or Quebec or British Columbia. The situation demands the immediate time and thought of more men of broad outlook.

71492—31½

Mr. W. K. ESLING (Kootenay West): Mr. Speaker, the people of the federal district of Kootenay West, along with all the people of the Dominion of Canada, have both pride and pleasure in the prospective visit of their majesties. However, there is cause for regret in the fact that the interdepartmental committee could not see its way clear to include in the royal itinerary the southeastern portion of British Columbia. It is felt that their majesties would have pride and pleasure in viewing the largest metallurgical plant in the world. Situated at Trail, this plant operates on the output of the mines at Kimberley, the largest silver-lead-zinc mines on this continent. This plant at Trail is of special interest to the empire at large. At the outbreak of the war there was available a very limited supply of zinc, and this supply was controlled by a New York syndicate which taxed the empire and its allies with exorbitant charges. At that time there was no method of treating the complex silver-lead-zinc ores, but the task of finding such a method was turned over to the research department at the Trail smelter. It was not long before the problem was solved. It is true that this involved a huge expenditure for plant and that there were many initial obstacles to overcome, but the result was a steady supply of zinc at a cost less than twenty-five per cent of what the New York syndicate was charging. A continuous supply of zinc was then available to the empire and its allies.

In this debate on the address it is permissible and even advisable for an hon. member to bring to the attention of the government certain conditions which exist in his district as well as complaints which may affect other portions of Canada. This is done in the hope that the government may consider the amendment of existing legislation or the enactment of new legislation to remedy such complaints. Residence property in the city of Trail is quite scarce and this makes it necessary that many of the employees of the smelter find accommodation elsewhere. Many of them have their homes in the rural districts or at Rossland, which is five or six miles up the mountain. With so many homes located away from the immediate vicinity of the smelter the problem arises of transportation for these employees. It is necessary for the men to be on shift on time, and the men on shift are anxious to get home on time. That problem confronted the employees, as well as the matter of a much reduced transportation

charge. One of the employees, Mr. John Gordon, conceived the idea of a cooperative transportation company. In 1932 fifteen of the employees made a first contribution of five dollars each towards the purchase of a car, and to-day that transportation association is perhaps the most successful cooperative concern in the Dominion of Canada. It carries 441 men to their labours each day and brings them back. The result has been that another similar organization has been established to transport men some ten or twelve miles from the southeast and another to transport men twenty miles from the north to Trail.

These cooperative transportation societies carry members only, and they were of the opinion that they were exempt from income tax. The Minister of National Revenue (Mr. Ilsley) was generous enough to extend the time for payment of penalty and interest until the matter could be looked into. Section 2 of chapter 24 of the Income War Tax Act, 1930, sets forth that cooperative associations of farmers, live stock men, dairymen, poultrymen, fishermen are exempt from income tax, as well as societies of a like nature. I am going to ask the minister if he will not, early this session, consider my suggestion that the Income War Tax Act of 1930 be amended so as to exempt also these transportation cooperatives from the tax.

Under the harbours and piers act, as amended last session, the Minister of Transport was authorized to recommend to the government the appointment of wharfingers, or controllers as they are called, and to collect tolls on all farm products and merchandise passing over public wharves. While that is all very well for the larger wharves, it is certainly an innovation so far as the wharves on the lakes and rivers in the interior of British Columbia are concerned, because there is not a wharf there with a community of many more than a thousand people behind it, and very few with that number. The people using these wharves have had the use of them for as long as forty years in some cases, and they never heard of such a thing as paying tolls to use the wharf. It is true that some ten years ago one wharfinger was appointed, but he lasted only two weeks. Subsequently there was not another until June last, when at a place called Renata on the Columbia river one was appointed. What was the result? The people absolutely refused to pay tolls of any kind; they simply landed their produce on the beach and carried it up over a gangplank.

I cannot conceive of anything which the people of that district are going to oppose more strongly than a proposal that the farmer be required to pay tolls on the little bit of produce he takes to market, and that the merchant pay tolls on the little bit of merchandise which comes over the wharf in a community where there are no more than from three to five hundred people. These farmers and the people of the district generally have a hard enough time to keep off relief. Most of them manage it by sending a little bit of produce to market, and now they are asked to pay tolls on a side of beef, a case of eggs, or anything else which they take to market and hope to sell. I want to say to the Minister of Transport with all deference that he might just as well try to change the course of the Columbia river as to try to make these people pay wharf tolls. The idea is impractical and simply impossible, and that has been demonstrated by the fact that during the last six months the wharfinger at Renata has been standing there and not one case of produce has gone over the wharf.

Why should these people be asked to pay toll? Are people who use the post office called upon to maintain the post office building except as general taxpayers throughout Canada? The residents living behind these wharves contribute their share of taxes to the consolidated revenue fund, and there is no sense under the sun in attempting to collect fees from them on the farm produce they send over these wharves. As a matter of fact, the majority of people using these wharves are English settlers who were brought to Canada during the boom days when the government was spending three million dollars a year to encourage immigration. Unfortunately the lands have materialy decreased in value since then, and there are not the same opportunities for people to make a comfortable living along those lakes. So I do hope the Minister of Transport will reconsider his inclination in that direction. If he will have some officer or officers of his department visit the Arrow lakes and other lakes in the southeastern section of British Columbia, I am sure that their report will convince him of the injustice and impracticability of appointing wharfingers and attempting to collect fees and tolls from the farmers and residents in that district.

Last session I presented to the house the case of a resident in my district who, on bringing in a radio from the United States, was confronted by solicitors of the radio patent holding company and charged a royalty. He was also served with notice that if he brought in another radio it would be subjected to confiscation and destruction. The question of radio patents has been referred to the tariff board and I am perfectly confident that when it makes its report it will contain very

commendable recommendations upon which this government may act. But the fact remains that the government could have remedied existing conditions long before it ever referred the matter to the tariff board. It could have relieved the people of Canada from the conditions which existed during 1938. When the matter was first presented to the tariff board, evidence was given which showed that the cost of radios in Canada was from fifty to ninety per cent higher than in the United States. The facts are simply these. There are some seventy patents covering the construction of radios. These patents are held by a holding company which is owned and controlled by the eleven or twelve radio manufacturers in Canada. The manufacturers then purchase from the holding company a licence to use their own patents. Of course that money comes back to them, but at the same time it is tacked on to the price of the radio. Then they are in a position to restrict production, and also to regulate prices. I am sure that the tariff board will give this house a very clear description of the existing monopoly. This holding company has not been so keen to prosecute anybody since the subject was referred to the tariff board. It will be seen that for the first six months of this year radios to the value of $440,000 were brought in under the $100 exemption, and it is fair to assume that, including the Christmas trade of 1938, the total value of such radios will be around a million dollars. My point is that there was a necessity for referring it to the tariff board, but conditions for the people of Canada could have been very much improved had the government itself acted under the authority conferred first of all in the Patent Act, which permits the commissioner of patents to annul a patent where the owner is abusing it. On the other hand the combines act permits the director of combines to annul these patents where they are being used for the purpose of regulating prices or controlling production.

I want to take this opportunity to convince the government that it did not need any further evidence than was placed on *Hansard* last year. There was placed on *Hansard* the list of patents, the demand of the solicitors of this holding company for royalty, and a letter from the holding company telling the resident of Nelson to whom I have referred that if he brought in another radio it would be subject to confiscation and destruction. I have it from one than whom there is no keener or better authority in Canada, that under the Patent Act as it exists to-day that holding company has a perfect right to demand the surrender for destruction of any radio brought in from the United States. Is it not a fair assumption on the part of any citizen that when he purchases a radio, pays the duty on it, clears it and takes it to his home, it is his radio and he is secure in its possession? But certainly that is not so, and surely it is a condition which this government should not tolerate when it has the authority, under the combines act and under the Patent Act, to put an end to such monopolistic tactics.

I am going to take this opportunity to thank hon. members of all parties and groups in the house for their unanimous approval of a bill last session which curtailed the activities of the Canadian Performing Right Society. The bill exempted all music communicated by radio or gramophone from payment of royalties to the Canadian Performing Right Society, on the ground that that music was paid for at the source—in other words, paid for by the broadcasting stations and by the manufacturers of gramophone records. Before His Honour Judge Parker, the royal commissioner, evidence was given by the American director of the Canadian society—and the American society, let it be understood, is the parent of the Canadian society—to the effect that the small users of music which are now exempt, that is to say hotels, skating rinks, stores, lodge halls, and so on, have no commercial value and should not be taxed with royalties. That was the evidence of this director. Apparently they had no commercial value then, yet this same society after the passage of this bill goes to the government or to the appeal board and attempts to collect—how much? Instead of $83,000, as collected from the broadcasting stations last year, it attempted to collect $191,000 this year in order to make up the losses which it said it had sustained by the passage of this bill, although, as I have indicated, the director said there was really no loss. But we have to thank the appeal board for its action in the matter, because had the appeal board not taken a hand, had it not reduced the minimum fee of this society, dear knows where it would have stopped. The appeal board brought their fee down from $30 to $5 as a minimum. The appeal board has allowed this society the $83,000 which was allowed last year from broadcasting stations plus some $6,000 additional to make up for the increased number of radio licences issued by the department as at March 31 last.

This is just about the driest subject that one can broach, and there is no interest occasioned in it except by persistency; but I want to try to impress on members of the government the actual burden which this society inflicts upon the public. In the *Canada Gazette* of November 5 last you will find

a statement of the fees which this society proposes to charge for 1939, and in the *Canada Gazette* of January 7 there appears a statement of the fees which have been approved by the appeal board. I ask hon. members if the people generally are not justified in the conclusion that these fees go to the government and not to the society. The government seems to sponsor this private Canadian Performing Right Society as it sponsors no other institution in this dominion. In the *Canada Gazette* of January 5 what do we find? A government notice over the signature of three government officials. That notice tells the public and the users of music in Canada just what they shall do. It tells them that they shall pay this society so much in advance, that they shall make periodical reports to this society, that these reports must contain the number of performances of each sort of instrumental music, that they must say whether that music be afternoon, dinner, evening or otherwise, and that unless they do all these things they will be subject to prosecution for infringement of copyright. I want to ask why. Why should the government sponsor advertising the rates for this private society and pay for the advertisement at the rate of about $600 in the official *Canada Gazette?* Why should it do so any more than pay for say the advertising and subscription rates of every periodical in Canada? There is no reason under the sun for it.

Then comes the question, to whom are remitted the fees which are collected here? Eighty per cent of the fees collected in Canada are remitted to the picture producers and the film agencies which really make up what are classed as publishers in the American Society of Authors, Composers and Publishers. It all goes to the large picture producers and theatre owners. To them I shall refer in just a moment.

In addition to this payment for advertising —it is trifling, I admit, but why should the people pay for it?—we have the Canadian Broadcasting Corporation paying the society $35,000 of the taxpayers' money this year. In the last five years they have paid the society nearly $100,000, and that is just a slight factor in the reason for increasing the radio licence fee from $2.00 to $2.50. It does not amount to much, but why under the sun should the people of Canada pay these fees to a society that does not prove its ownership? Somebody slipped.

Take the *Canada Gazette* for January 7 and then look at the amendments to the Copyright Act. Permission is given the society to collect fees and royalties for the use of music which it claims to own, whereas the amendment of last session provides that it may be permitted to collect these fees for music which it does own or in respect of which it has authority to make collections. Anybody can claim anything and that is the trouble with the society. It has been making these claims right along and the government does not realize the imposition. The society claims by assignment the ownership of between two and three million pieces of music. Who knows whether it does own that music or whether there was ownership in the assignors? When an individual or an orchestra or a band is prosecuted for the use of music for which royalty has not been paid, that defendant is compelled to show that the society does not own the copyright. That is an impossible situation. The average man has not the financial ability to prove such a thing as against a corporation that is backed by millions of dollars—and when I say backed by millions of dollars I mean that it is backed by the American society, which is composed of theatre owners and picture producers.

Can any hon. member give one good reason why Canada should continue to be a member of the Berne and subsequent conventions? The United States is not a member. The American Society of Authors, Composers and Publishers is not a member because it finds it to its advantage not to be. Instead, it uses the Canadian society as an instrument for collecting money from the people of Canada in order to fill the purses of the picture producers of the United States. We must not lose sight of the inherent right of the individual to all that is due him under the Copyright Act; but when it comes to a concern acquiring these copyrights for the purpose of creating a monopoly and levying tribute on everyone, then I say the government should intervene. I do ask the government to consider the question of withdrawal from the Berne convention.

I wish now to refer for a moment to the Canada-United States treaty. I do not think anyone is fully qualified to pass judgment on the treaty as a whole until the matter has had a full-dress review in this house, because the opinions that are expressed are governed largely by the way in which the treaty affects each member and the people of his district. So far as West Kootenay is concerned, we have mines and fruit. There is a reduction on zinc going into the United States, but to Canada it means absolutely nothing because Canada is governed by world prices. In the United States the zinc market is self-sustaining and they do not have to worry except for the fact that through the reduction in duties the producer in that country gets that much less. That is on account of the fact that

United States prices are governed by London prices plus the duty. We are governed entirely by London prices. But there is one certainty about the treaty so far as we are concerned, and that is the cost to the people of Canada in dollars and cents.

There are 447 items on which all excise is removed, and that means that the Minister of Finance must make up $10,000,000 there. There are 238 items on which there is a further reduction of duty, and a conservative estimate of the duty will give about $8,000,000. To appease the Canadian industry, which will suffer by reason of the importation of manufactured goods from the United States, if we accept the press reports, the government intends to go further and reduce or cancel the excise on the raw materials used by Canadian manufacturers in order to permit of competition with similar products from the United States.

May I say that it is a genuine pleasure to have the Minister of Finance back in the house able to resume his duties. I imagine that his lot, the lot of any minister of finance, is a most unhappy one, particularly on the eve of an election when he has to combat the preelection demands—I will not say requests—for more funds than he would like to give out, demands that come from what we might call a top-heavy majority of government followers. They are the ones he has to consider.

For a moment now I will deal with the Income War Tax Act. I suggest to the minister that in addition to the $20,000,000 which he has to make up by reason of these losses under the treaty, he has a great many other troubles to which he must give his attention. He has, for instance, the wheat losses. They range all the way from $30.000,000 to $60.000,000. Let me be modest and put it at $30,000,000. Then he has to cover another $18,000,000 of loss of sales tax on building materials, $12,500,000 on terminals, and about $2,000,000 or $3,000,000 on the importation of goods under the $100 exemption. Then there was the Canadian National deficit, which in last year's estimate was placed at $42,000,000. The press reports indicated that at the end of six months that $42,000,000 was gone and that another $12,000,000 would be required. With all these worries the Minister of Finance will almost throw up his hands in despair and ask what is the use. Will he not welcome a suggestion which would bring in something instead of allowing it all to go out?

By amendment to the Income War Tax Act, there was a decided loss to the government. Hon. members know full well that if anybody living outside of Canada has an investment in Canada he is subjected to a deduction of five per cent in the remission of the revenue from it. If from some investment he has a revenue of $100 his agent sends him $95 and accounts to the government for the other $5. But for some reason the government was persuaded in 1936 to reduce that five per cent to two per cent in connection with films. I contend that this government has in the last three years lost no less than $450,000 to $500,000. The film agencies say that they are entitled to this reduction because when their films have been run—and I am told by a theatre manager, that the average run is about four hundred times—the films are worn out. Suppose they are; I submit that does not make any difference.

I do not want hon. members to think that I am speaking at random; I ask them to take the report of the Minister of Trade and Commerce covering motion picture films. For the year 1936 they will see that the rentals for films paid to these agencies amounted to $7,500,000, and in 1937 it was $8,790,000, an increase of over a million dollars. First of all they wrote off in 1936, about $1,008,000 in wages; according to the report, for 1937 the figure was $1,060,000. That is all well and good. They are supposed to retain for the benefit and profit of the agency some 35 per cent, and the balance is remitted to the picture producers and theatre owners in the United States.

It appears to me that Canada is fertile ground for raising money to transmit to these picture producers and film agencies in the United States. They do not lose anything on these films. Hon. members must not think that into each province of Canada there comes a film from the states. Not at all. They bring in one negative and send it to a film processing plant in Montreal or Toronto, and from that one negative they make as many prints as are required. That negative is valued for duty purposes at five cents a foot, which represents about $165 on a film of 7,000 feet—I use that figure because according to my information that is the average length of a film. Everything is by the foot, whether it be from the United States or for distribution in Canada. The film remains here only ten days and then goes back to the producer undamaged. The prints are turned over to the film agencies for 3½ cents a foot plus the sales tax, so that the total cost of a film shown in one of these theatres for as long as it can be used is about $246.

Talk about figures as long as you please, the fact remains that these films yield a rental of between seven and eight million dollars a year. Yet for some reason the government thought it necessary or advisable to reduce that

five per cent tax to two per cent. The five per cent could well be paid. I think the minister should take steps to recover the half million dollars that he has lost in the last three years; certainly there should be no further loss. The agencies in each province are supplied with as many prints as they want, and there cannot possibly be any loss to the agency.

I ask the Minister of National Revenue, then, to include transport cooperatives under the exemption clause, and to see that this three per cent reduction no longer applies to films. There is no reason under the sun why huge concerns sending millions of dollars to the United States should be more favoured than the poor fellow in the United States who has a little investment in Canada from which he receives a dividend. And also I ask the Minister of Transport to drop the tax or toll upon wharves used by settlers.

Mr. T. V. GRANT (Kings): As the hon. leader of His Majesty's Loyal Opposition (Mr. Manion) is a distinguished member of the profession to which I have the honour to belong, I wish at once to extend my hearty congratulations to him upon having been chosen at a nation-wide convention as chief of the National Conservative party of Canada, which supersedes the Liberal-Conservative party.

I think our hon. friends are making a great mistake in changing their name so often. In other walks of life only companies that have gone bankrupt, or individuals who have got into difficulty and would feel safer under some other name, change their names. Even some ladies hesitate to change their name, although they are specially privileged in that regard. Why has the Liberal party not found it necessary to change its name—

Mr. LAPOINTE (Quebec East): They are proud of it.

Mr. GRANT: Of course they are. There is something fascinating, something charming about it. There is much to be proud of, and nothing to be ashamed of, in the name "Liberal." Even the Democrats in the United States like to call themselves Liberals.

There is much wisdom in the oft-repeated expression that there is none so blind as those who will not see. Our opponents have demonstrated the truth of that saying in their interpretation of the speech from the throne, a document which no well-informed Canadian can deny to be a true summary of a record of achievement unequalled in any similar period by any previous government in Canada. It would take much more time than I have at my disposal, and a much better artisan, to deal adequately with the various items in that speech. But I join with all loyal Canadians in welcoming to this country Their Majesties King George VI and Queen Elizabeth. This is the first time in history that Canada has been honoured by a visit from her sovereign.

In connection with the royal visit no doubt many maritimers had to smile recently when it was announced over the radio from the old country that their majesties would visit "Canada, Prince Edward Island, Nova Scotia and Newfoundland." And yet Prince Edward Island and Nova Scotia, in the order named, are the two most important provinces in this great dominion. Prince Edward Island, the cradle of confederation, comes first, although we have been given this doubtful special mention over the radio.

My next pleasant duty is to congratulate the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. The mover, a native of Prince Edward Island, to which I belong, did not surprise me in the least when he delivered his fine address. Before he left the garden of the gulf for a wider field of endeavour, I had intimately known him as a clever writer, a polished speaker and an educationist. His departure at that time was regarded as a distinct loss to our province.

The seconder has been a near neighbour of mine on the back benches since I came to the house in 1935. I have always found him a most agreeable and lovable gentleman, and I am proud of the exceptionally good speech he made, delivered as it was in both the official languages. It was a treat long to be remembered.

Before leaving the matter of paying compliments let me extend my heartiest congratulations to another genial associate in the person of the new Postmaster General (Mr. McLarty). I am sure his recent promotion will not tend to decrease his popularity among his former companions in the house. The distinguished though lone Liberal member from Alberta (Mr. MacKinnon), with whom I am not so well acquainted, is also deserving of congratulation upon his promotion to the cabinet. I understand his wife comes from Prince Edward Island, a fact which bespeaks his good judgment.

I was surprised to hear the leader of the opposition stress unemployment in his first speech since his return to the house. It is too true that his party was elected on the unemployment cry in 1930.

Mr. MacNICOL: And we shall be elected on the same cry next year.

Mr. GRANT: At that time there were 117,000 unemployed in Canada, and by featuring this comparatively new inspiration they succeeded in persuading the Canadian electorate that it was a most serious state of affairs. Their leader's voice resounded from coast to coast in such expressions as, "King promises to enact measures to relieve unemployment; I promise to end unemployment. Which do you like best?"

Miss MACPHAIL: None of you ends it.

Mr. GRANT: But on taking office what did they do? They added more than 100,000 annually to the unemployed in Canada, and did little but herd them like cattle into unemployment camps of idleness, until the unemployed in Canada exceeded the million mark. I well remember a speech delivered by the then Prime Minister after the numbers of the unemployed had reached about 600,000, in which address he stated that 150,000 unemployed was normal for a country of 10,000,000 people. And yet, in 1930, he and the present leader of the opposition bellowed themselves into power on the cry that to have 117,000 unemployed was disastrous. I say to the leader of the opposition and his followers that such a cry cannot be repeated, and might as well be dropped, so far as trying to deceive the electorate of Canada is concerned.

Miss MACPHAIL: But it was repeated by the Liberals.

Some hon. MEMBERS: No.

Mr. GRANT: Our opponents would like to make it appear that the government has been idle. One hon. member who, I am sorry, is not in his seat, has described the procedure as that of waiting for Santa Claus. Nothing could be more unreasonable. We have had Santa Claus continually with us since 1935, in the person of the senior member for Queens, Prince Edward Island (Mr. Dunning)—and may I say that regardless of party affiliation, all hon. members are delighted to see him with such a ruddy complexion and looking so well since his return to the house. I doubt very much if the hon. member who made that statement will have as generous a Santa Claus to deal with him when he hangs up his stocking after the next federal election.

This government have been alert and progressive since the first session of the present parliament. In fact the Prime Minister (Mr. Mackenzie King) has consummated a trade agreement with the United States even before the first session of parliament. In my own constituency programs of public works have been carried out continuously by both federal and provincial governments. In many instances the work has been done jointly, and in order that the needy should not be overlooked in the distribution of work the federal Department of Labour appointed a war veteran whose duty it was to visit the various undertakings and see to it that the poorer and the more needy were given work in preference to the more fortunate.

Since the federal election of 1935, no time has been lost in striving to provide work for our people, through the construction of public works which had been entirely neglected for five years under Tory rule, and by numerous other undertakings, some of which I shall enumerate later. In my constituency almost every federal wharf, with the exception of the one adjoining the business stand of the Tory member who then represented Kings, was either fenced off or had a danger sign posted on it.

With regard to defence, regardless of what our opponents in other groups may say, I believe the government should not engage in the manufacture of war material. We have white elephants enough on our hands in Canada. If we must have armaments, let there be competition, as in other public contracts, and let the work be done under honest and competent government inspection. Let there be no pets or favourites, or anything in the nature of a family compact. Large sums of money which are being asked for to provide for defence would then be spent to the best advantage. Let it not be said at some future time that some one has "plundered". I am not a military man, and shall leave the debate on this subject to those who think they know what should be done to meet any condition which may arise out of what is taking place in this confused and troubled world.

As other hon. members have said, the new trade agreement between the United States and Canada has yet to prove its beneficial effects. But we know the trade agreement of 1935 has helped to save the country from ruin through stagnation of trade, and we know the new trade agreement has been built on a firm foundation, and with the most friendly understanding between the English-speaking nations on this continent. It was surprising to hear the leader of the opposition condemn the abolition of the three per cent excise tax, which was one of the obnoxious taxes imposed on the people by the late government on top of all the rest of the taxes, and at a time when the people had been ruined by high tariff policies which

brought about a stagnation of trade. Yet the new leader of the Tory party states in this house that he believes in trade agreements and reductions in taxation! The impressions of youth are hard to eradicate.

The leader of the opposition states that we have not reduced taxation, and yet in the same breath he complains that the three per cent excise tax has been removed. Let me quote a few words from the speech of the governor general:

> The Canada-United States agreements have involved, in addition to the wider markets secured for Canadian products, a thoroughgoing revision of the Canadian tariff structure, and a reduction of taxes on trade much greater than that made by any previous parliament, or by any other country in recent years.

Do our hon. friends opposite think for one moment that the intelligent electors of Canada, who suffered so much during the five years the party opposite were in office, will vote against a government that has done more than the government of any other country in the world to reduce taxes and encourage trade?

The present Liberal party is no more perfect than any other man-made organization. I had hoped for some constructive criticism this year from the official opposition after their three years of subjugation. They were recently delivered from bondage at a convention of their party, and I had hoped that during this session they might show themselves worthy of retaining their present position after the next election, which is all they can hope to retain. Whatever may be said about the Grits and the Tories, it cannot be denied that they have been democratic in principle, and we do not want to see the present official opposition relegated to third or fourth place in this house. I think their new leader has had ample proof of that.

The recent visit of President Roosevelt to Canada was significant in many ways. His assurance during that visit of the loyalty of his great nation to this dominion in case of invasion should dispel from the minds of our opponents their apparent fear that our United States neighbours are not to be trusted. I think our hon. friends can be reassured that with Liberal governments in office in Canada and the United States, trade treaties will be respected in both countries. The treaties of 1935 and 1938 are but the beginning of freer trade arrangements than have hitherto existed between these two peace-loving countries. I suppose there would be a great many obstacles to the removal of the present strict immigration regulations now in existence in both countries, but I cannot see any reason why such barriers should continue to exist. I believe their removal would result beneficially to both the United States and Canada. While I am not in favour of opening the gate to foreign immigration, I doubt the wisdom of dividing the north American continent into two pens.

The brilliant young member for Winnipeg South Centre (Mr. Maybank) stated in effect some days ago that when the present leader of the opposition was Minister of Railways and Canals in the previous government he was responsible for certain amalgamations and reductions in the railway service, and that the people of this country feared amalgamation, but the hon. leader of the opposition denied this charge in emphatic terms. During his term of office, however, as Minister of Railways and Canals, the Elmira branch line in my constituency was closed out entirely as far as passenger service was concerned, and the Post Office Department was obliged to establish a mail route to serve this territory. Another line, the Murray Harbour branch, was reduced to three trains a week, and in this instance a mail route of approximately eighty miles had to be established by the Post Office Department.

Mr. MANION: I do not want to interrupt the hon. gentleman's essay, but I should like to point out that when I was Minister of Railways and Canals I had nothing to do with the running of trains any more than the present Minister of Transport (Mr. Howe) has anything to do with that. I had nothing to do with the closing of branch lines or anything of that sort. That was done by the management of the road without consultation with the government. I think the Minister of Transport will tell my hon. friend that if he does not know it already.

Mr. GRANT: I said, during the hon. gentleman's term as Minister of Railways. Another line, the Cardigan branch, was scheduled to be reduced to three trains a week, and the railway time-table contained the change, but a certain minister without portfolio in the late government happened to be operating a general store on the Cardigan line and that part of the time-table was never put into effect.

But let it be said to the credit of the present Minister of Transport (Mr Howe) and the management of the road that we succeeded in having the train services restored in my constituency, to such an extent at least that the mail routes referred to were done away with during our first year in office, and indignation meetings which were at least semi-annual occurrences during the Tory rule have not occurred in a single instance since 1935. These

are facts well known to every elector in my constituency, and they are unimportant compared with the charges made against the late administration by the employees of the Canadian National Railways.

When our opponents say that we have done nothing to relieve unemployment and to assist the farmers and fishermen, how can they shut their eyes to the splendid trade agreements negotiated by this government; to the National Housing Act; to the Municipal Improvements Assistance Act, and to the home improvement plan under which loans at the lowest rate of interest in history are made to municipalities, organizations and individuals in order to encourage employment? How can they shut their eyes to the abolition of the sales tax on all building materials, including paint and heating and plumbing, in order to encourage the building trades; to the assumption of provincial and municipal taxes on the properties so constructed; to the abolition of the obnoxious excise tax imposed by the previous government; to the encouraging of public works by assisting the provinces with federal aid; to the assistance given the unemployed by a most liberal expansion of public works; to the program of settling unemployed young men on farms in provinces adopting this plan; to the amendment to the War Veterans' Assistance Act; to the employing of young men in forestry conservation work; to the courses given to young men in the arts of curing fish, scientific farming, carpentry and other trades; to the supplying of seed grain to farmers and to the opening of world markets for the sale of farm products; to the loans given without interest to fishermen to enable them to buy nets as well as food for their children; to the reimbursement of the fishermen for losses due to storms; to the Unemployment and Agricultural Assistance Act, and to the appointment of fishermen's assistance boards which, among other accomplishments, erected a great many up-to-date buildings—at least six in my constituency—at fishing centres in which buildings the fishermen may cure and save their products, and the construction of which provided employment for the fishermen? The electors of Canada, Mr. Speaker, know all these things, even if some members of this house choose to shut their eyes to them.

The leader of the opposition stated that the present government, or perhaps he said Canada, had done less in the way of social legislation than any other country in the world. But let me point out that except for two or three years the Tories have had a majority in the senate for the last twenty years or more, and that when Liberal governments tried to pass social legislation, a Tory senate invariably threw it out. The old age pensions legislation is an example. The bill passed this house but could not survive in the senate until the Liberals at last had a majority in that chamber. And the irony of it was that the Tories, after voting against the old age pensions scheme and defeating it in the senate, once it had been enacted despite their opposition brazenly adopted it as part of their 1930 platform, and boldly promised to pay the pensions one hundred per cent from the federal treasury. I think every elector of pensionable age received from the Tory organization a circular letter containing this promise. The official opposition should be ashamed to mention social legislation in this house or anywhere else in Canada. They did reluctantly, when in power, pay seventy-five per cent of the old age pensions because the Quebec government forced them to do so. It was not because of their pre-election promise.

Let me at this point give a brief summary of the promises made by the Tory party to the rural mail couriers of Canada before the 1930 election. It was well known that the rural mail couriers had been organizing for some years; that almost every mail courier had joined the organization and paid the membership fee, and that they were all naturally anxious for a change from the tender system to employment under the civil service of Canada, with a guaranteed living wage and permanency of employment. The then leader of the Tory party, mad for power, resorted to the lowest kind of deception in this instance. Letters were sent out to each and every mail courier in Canada promising to comply with the wishes of the couriers' organization, immediately upon the party's being returned to power. Imagine the influence on these poorly paid mail contractors! They honeycomb Canada from one end to the other, and come in daily contact with all classes of people in the rural sections. They have numerous friends; of necessity they are educated, upright, honest and intelligent, and until 1930 they were unsuspecting. Whatever the Liberal party has done or has not as yet been able to do, we have not attempted to deceive the mail couriers. The Tories deceived them and got their votes and support in 1930. But as a class the couriers have good memories, and they now feel that if their grievances are to be settled this will be done by a Liberal government. I should like to hear some one of our Conservative friends opposite, especially one of the 1930 survivors, discussing this question of the mail couriers.

Some of our opponents have said that the dictators are showing the democracies how to end unemployment; that there is no unemployment in countries ruled over by dictators. Well, Mr. Speaker, if the United States, for

example, wished to adopt the same method followed in Germany or Italy of ending unemployment, she could declare war on Canada, and that would end unemployment in both countries until the war was over. Most of the dictator countries have their surplus population either training for war or actually under arms. But Canada and the United States, being peace-loving countries, desire to find honest work for all their people.

I believe, sir, that every member of the Tory party, every member of the Cooperative Commonwealth Federation, even those who have taken post graduate courses in Russia, and every member of the Social Credit party, the party which makes money out of nothing but their words only, as the Lord made the earth, knows that in the last three years this government has done more to relieve unemployment than could possibly be done by adopting their fantastic policies—and the electors of Canada know this too.

I am sure that every member of the Liberal party in this house and throughout Canada, every elector who supported the Liberal cause at the last federal election, and a great many who did not, are proud of the manner in which the right hon. the Prime Minister of Canada (Mr. Mackenzie King) answered the charges made against this government by the hon. Leader of the Opposition (Mr. Manion), and that all thoughtful Canadians are indeed thankful that Canada has had at the head of her affairs in these troublous times a man with the long experience and vision of the Prime Minister. Fathers and mothers who wish their families to grow up as peace-loving Canadian citizens have indeed much for which to be grateful. The electors of this dominion feel that they are in safe hands once more; the fishermen know that this government is doing everything humanly possible to solve their difficulties; the farmers who were well to do in 1930 but were either bankrupt or facing insolvency in 1935 have again taken courage, and with the fair prices they have been receiving for their products are not considering a change of government; the fox producers, whose uncertain industry has been placed on a secure foundation by the joint regulations inaugurated by the departments of agriculture, provincial and federal, are not considering a change of government.

In conclusion, Mr. Speaker, speaking of agriculture reminds me that the genial minister of agriculture for the province of Prince Edward Island, the Hon. William Dennis, has been seriously ill in the civic hospital here in Ottawa, and I would ask every member of this house who loves a good sport to say a prayer for his complete recovery.

[Mr. Grant.]

Mr. DAVID SPENCE (Parkdale): Mr. Speaker, the hon. member who has just preceded me has gone far beyond the bounds of parliamentary discussion in saying that our honoured leader in the last election resorted to deception. I object to that because it is not, in my opinion, proper for any hon. member to use that expression, and anybody who knows the Right Hon. R. B. Bennett knows that he never used any deception. Let me tell the hon. member that it will take more than the support of the rural mail carriers of Canada to save him and his party at the coming election. The hon. member spoke of being proud of the name Liberal. He also claims that in the United States the Democrats are resorting to that word to describe their party, but may I remind him that the Liberal party in Canada has nowadays very little beyond its name of which to be proud. With some of the things he has said about the Prime Minister (Mr. Mackenzie King) I agree; with others I cannot; but of course he has the right to say what he likes, when he likes, and in whatever way he likes.

For some weeks I have sat here attentively listening to a good many speeches. Until yesterday I did not know that I was going to speak in this debate. Since I came back from Toronto I have had little time to prepare anything, but I have in my head a rambling lot of stuff which comes from my knowledge of the business world and has been instilled into me for a good many years.

The speeches made in this debate have been splendid; each one has expressed the views of the speaker and frequently the views of his party. Regardless of what may be said outside this house in criticism of them, they are a credit to Canada, and I am sorry that my own lack of training will not allow me to maintain the standard which some others have reached. My life in the business world has been a busy one, and I have had no opportunity of training along the line of making speeches in parliament; in fact I never expected to be in parliament. I am here, however, and I am glad to be here. I intend not to make a speech but to offer some observations in my own way about matters of which I know something.

I am sorry that my good friend the Minister of Finance (Mr. Dunning) is not in the chamber. I am delighted that he is back in the house and is feeling in good condition, smiling as he usually does, and sometimes adding a little sarcasm to his wit and humour. He would not be genuine if the sarcasm could not come out as well as the humour; in that respect he may be like myself.

I wish first to offer my congratulations to the hon. member for Brandon (Mr. Matthews) who moved, and the hon. member for Stormont (Mr. Chevrier) who seconded the address in reply to the speech from the throne. Both of their addresses were admirable, and as good a presentation of the subject as I have ever heard.

I can assure hon. members that the old historic riding of Parkdale will rejoice with the rest of Canada at the coming of Their Majesties King George VI and Queen Elizabeth. We shall all be proud to see them. I know the people of my riding will be present in large numbers to see the king and queen, because we are not far from what will be the headquarters of their majesties while they are in Toronto. If they are given a nice drive, which I hope will be arranged, they will go through a portion of my riding which is the most attractive part of that city. We shall all be delighted to see them there.

I would first ask forgiveness if anything I may say should hurt somebody's feelings. It is absolutely not my intention to say anything which will cause strife in this house; I do not think I have ever attempted to do so. I have always acted more or less as a peacemaker among some of my hon. friends, even those on the other side of the house.

We have to-day plenty of trouble, without creating any more strife. We have no unity, no cooperation among ourselves and worse still, no cooperation with other countries. Conditions everywhere are in a terrible state, and we have found no superman yet to solve our problems.

Some hon. members have suggested as a remedy the nationalizing of everything, and especially the controlling of business. My advice to this or to any other government is to forget nationalization and attempting to control business because it cannot be done. While in business for many years I have learned at my own expense that the law of supply and demand will always regulate prices. There is no use of any government trying to run business; they cannot do it; it requires men trained in the business world. The government should stop interfering with business and tinkering with tariffs. Many men have been driven out of business because the worry of running business to-day is greater than can be realized by anybody who has not had practical experience in it.

I agree with the statement which has been made in this house that customs regulations should be simplified. There are many rulings which not only the customs officials, including the commissioners of the different branches, but the minister himself, cannot understand, and the fact that there is such diversity of opinion among those who are administering the customs tariff makes it impossible to get a definite decision from anybody. About a couple of years ago there was put on the order paper a resolution to the effect that something should be done to make it easier for customs officials and business men to understand customs rules.

Toward the end of the session of 1937 the Minister of National Revenue (Mr. Ilsley) introduced a bill to prevent men who had claims against the government from realizing on those claims. I consider that this was quite unfair. He had that bill piloted through the senate committee with the assistance of all the commissioners he could gather together and the odd hired individual who had left the department and who was brought back for the purpose of defeating the wholesalers and importers who were trying to have their claims satisfied. One would think he was dealing with a bunch of thugs or highwaymen rather than with men of high integrity in the wholesale business. Not only did he prevent them from getting their money, but there was put through this house a bill that had the effect of putting them out of court altogether so that they could not sue the government.

He did, however, allow two big firms in Toronto to sue the government for drawbacks which they should have received that year and years back, and they successfully beat the government in the courts. I am wondering whether the government have paid their debts. My view is that the government themselves should pay their debts just as they expect others to do. I do not know how much money was involved in that particular case, but the gentleman in Toronto who looked after the railway claims and the claims in connection with customs had the whole thing compiled. The fact is, however, that the government had the money with which to pay their debts, and they should have done what a good many others do when they fail. Private persons give their creditors 50 cents or 20 cents on the dollar. But instead of that the government robbed these people of every dollar that was legitimately due them. Would anyone with high integrity do such a thing? Is it any wonder that conditions are as bad as they are? Is it any wonder that no one wants to be in business, that no one wants to own a home or property or anything else, because everybody is robbed to death? We are all simply asked to pay taxes. When this gentleman who was looking after the claims of the railways and customs went back to Toronto, he took to heart so seriously the treatment he had re-

ceived at the hands of the minister in the senate committee that he dropped dead. He left here on Thursday night and on Friday night he was dead. He was only a young man, between thirty and forty. That is the way in which this government is treating people, driving them into their graves. I am not saying this is the only government that has done such things, but this is the worst instance I have ever known. Thousands of dollars were stolen from people in business, and not a dollar to which they were justly entitled was paid them. That is lesson number one.

The firm that I backed financially had no claims against the government at that time, because my advice to them was to do no business through the government, but to act through someone else. I remembered that for thirty years I had done nothing but fight with the customs department in Toronto, though I must add that there have been ministers who straightened things out once in a while. The Hon. Jacques Bureau was one of them; the Hon. Doctor Reid was another. Then there was the Hon. Mr. Boivin, who died suddenly in 1926. I believe the Minister of Trade and Commerce (Mr. Euler) was also minister for a while, and we got fair consideration. I never regretted any man's death more than I did that of Mr. Boivin, because I thought he would make a wonderful minister. I had not hoped that he would be elected, but I liked him as a man because he was fair in his dealings with the business world, just as were the others I have mentioned, as well as the Hon. Mr. Ryckman. But there have been ministers who have not been as considerate, and the time is coming when the business world will have to teach them to be fair. I am not making any threat because I am not in business now, but I am still interested in how many people the government rob. Nearly everyone capable of being robbed has already been robbed.

The hon. member for Kootenay East (Mr. Stevens) has told us of the large percentage of people in business who are dying suddenly of heart trouble. It is all too true, and this government has been responsible to some extent by continually changing conditions and making it almost impossible for business men to carry on. The government appointed a national employment commission, and it will be remembered that I fought bitterly against that move because of the extreme cost which the commission would involve. I could not see what they could accomplish. We were informed that they would tabulate the unemployed by trades and so on, but what does that matter? After all, what difference does it make to what trade a man belongs so long as he is unemployed? Does it matter whether he is a carpenter, bricklayer, machinist, or anything else if he cannot get work? He is unemployed just the same. All that the commission did do was to go to the different municipalities and get a list of the unemployed. That list was in the Department of Labour at the time, so that the expenditure involved was really a waste of money.

The recommendations of the commission have not been adhered to rigidly. There is only one recommendation I wish to touch on at the moment and that is the one with respect to the training of youth. I have to give the Minister of Labour (Mr. Rogers) some credit for that. I had the pleasure of going into a committee room one night and seeing pictures of boys training in the camps in British Columbia, and I listened to addresses from men and women from all parts of the country, telling how enthusiastically the municipalities were cooperating in the training of these young people. But the trouble is that there is no stability about it. I agree that it should be done because there is nothing else you can do, and it is better than doing nothing. It will help the boys and girls even if they get six weeks training, and it should improve them mentally, physically and morally.

I suggested at that time that instead of appointing these commissions we should restore confidence in the investing public, because I felt that this would do more to create employment than anything else. There are thousands of people in Canada with millions to invest; if we had stability in government, if investors knew that conditions would not be suddenly changed but would remain reasonably constant, investment would follow. The Minister of Justice (Mr. Lapointe) now agrees with me that the proper thing to do is to restore confidence in the investing public. He brought out that point in a speech in Waterloo when he was trying to defeat the hon. member for Waterloo South (Mr. Homuth). I am glad that the minister took up the suggestion. I am convinced that there is enough money in the pockets of the Canadian people to put the country on its feet, but the government is making cowards of us all, driving people to buy government bonds. I have not much use for the man who does nothing but buy government bonds. The man who has not enough backbone to go into industry and try to make a living in that way is not doing much for the country. I would not give much for him if he puts his money into government bonds and keeps it in hiding.

How can confidence be restored when the government are negotiating treaties all the time, always negotiating treaties with someone? That has been the custom in the past, but this government has negotiated more than we ever did. I do not think we have been guilty of so many offences that have hurt the country so much. The man who has a vision of the future can see that the treaty now negotiated will drive some subsidiary companies back to the United States, and prevent anybody from putting his money into either business or industry. In my riding there are many industries, because when the big fire occurred down-town one time they were driven to the outskirts and we got many of the factories. Some of the people operating these industries to-day are afraid to say a word, afraid to express an opinion, about this treaty. I have not much sympathy for some of them because they did not support a government that would have given them stability, but now they are out howling on the housetops, but afraid to say a word to the government. It is not good for a man in business or industry to be afraid to talk to the government; they cannot put him in a penitentiary unless he commits a crime; in any event you can always tell them what you think of them. It is true that importers will like this treaty; but they, like the man who puts all his money in bonds, are another class for whom I have very little use. They bring stuff from any country in the world where they can get it and kill manufacturing industry in this dominion. The importer may sit in an office in a twenty-storey building and look out of the window for half his time or look at his nice stenographer, while stealing business from the Canadian manufacturer by bringing stuff from all parts of the world and particularly Europe.

An hon. MEMBER: What about the hon. member himself?

Mr. SPENCE: I was an importer for years, but I kept up a big warehouse, employing ten to twenty men as a rule, and had a big overhead. I am talking about the man who has no overhead except the rent of an office. They are the men who are helping to kill industry in this country. I was in the wholesale fruit business and I have knowledge of the difficulties of the fruit and vegetable growers to-day, competing with growers in a country in which climatic conditions are so much more favourable. There are many states in the union in which two or three crops a year can be grown; that cannot be done in Canada. Some may tell us that they do it in British Columbia, but I do not know any place in this dominion where it can be done successfully. In Canada to-day the duty on fruit and vegetables is only 10 per cent. That should never have come about. Back in 1930 it was 30 per cent, and even then growers of fruit and vegetables had a difficult task.

Mr. EULER: Surely it is more than that now in certain seasons.

Mr. SPENCE: Under the new treaty it is only 10 per cent. When the Prime Minister went to Washington and signed the former treaty the duty on fruit and vegetables was cut in half, to 15 per cent, and then by this treaty hon. gentlemen have cut it a further 5 per cent, which leaves only 10 per cent. That is no protection whatever to Canadian growers who have to compete with growers in a country in which climatic conditions permit the growing of two or three crops a year. Before the Fordney-McCumber tariff was put into effect in the United States in 1923 we had a good market in Detroit and some of the other neighbouring United States cities, particularly for Leamington melons, tomatoes and all kinds of early vegetables. But that tariff which the United States saw fit to put up against our people shut out practically everything. Then came the Hawley-Smoot tariff in 1930, which entirely closed the United States market for our dairy products as well as fruit and vegetables. How can a country get along under such treatment? It is ridiculous. True, we are now getting some advantage on potatoes, but we are giving the same advantage. Our hon. friends have allowed the Americans to set a quota on potatoes going into the United States, and as someone said, one county in this country could produce enough potatoes to supply that quota. Do not ever think that the United States are not looking after themselves; I have dealt with the business people there; they will always give you a sandwich if you give them the pig. We should never have negotiated this treaty. We were in no position to negotiate a treaty at the time when this one was negotiated, because our duties were all too low compared with theirs. And if the treaty applied only to the United States, as it purports to do, it would not be so bad; for after all the United States are good friends and we want to be friendly with them. But under the most favoured nation clause our concessions apply also to countries that are no friends of Canada. I shall not mention names, but there are several of them.

There is no one in this house who can paint a better picture with figures than the Minister of Trade and Commerce (Mr. Euler), or the Minister of Agriculture (Mr. Gardiner). They are both dandies at that sort of thing. But

the hon. gentlemen have been in politics and sitting in this house so long, not associated with business, that they do not understand the effect of the treaty and have no vision of the results which may flow from it. Canada should have retaliated when the Fordney-McCumber tariff was imposed, and the Hawley-Smoot tariff—

Mr. STEWART: Countervailing duties.

Mr. SPENCE: Oh, countervailing duties have meant nothing. We know that congress has control; no matter how friendly the president appears to be to this country, he cannot reduce the duty more than 50 per cent, and he might well do that and still have higher duties against us than we have against them. So what position were we in to negotiate a treaty with them?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. SPENCE: Mr. Speaker, just before six o'clock I had made certain references to some ministers of national revenue who at times had not given the trade with which I was associated a square deal. In justice to the present Minister of National Revenue (Mr. Ilsley) may I say that a few weeks ago I did hear that he was now getting more familiar with customs details in Toronto, and with customs transactions generally, and that a better deal was being given to everybody concerned. I have not been associated with the trade for the last two or three years, so I believe it is only fair to say that opinion seems to be that he is getting more familiar with it.

Since I have been in the house I have known only one trade treaty which has had any beneficial effects on this country, and that was the Canada-United Kingdom agreement brought about in 1932 by the Right Hon. R. B. Bennett.

An hon. MEMBER: Oh, oh.

Mr. SPENCE: Hon. members may laugh as they like, but if they are not stupid they should know that is the only beneficial trade treaty we ever had. Under it we received a preference of 4s 6d per 100 pounds on apples. A few days ago the hon. member for Queens-Lunenburg (Mr. Kinley) was trying to defend the government in its negotiation of the present treaty. He said that Nova Scotia still had a good deal on apples. The deal they get is that in the present treaty their duty is cut from 4s 6d to 3s per 100 pounds. That is what they lost.

And what about wheat? When any hon. minister will say that a loss of six cents a bushel on wheat does not make any difference, surely he is not familiar with the business. A loss of six cents a bushel means what? It means competition in the old country market. That preference was a profit in itself.

Let us turn our minds back to the French treaty of 1923. That was another treaty negotiated by the party now in office. I remember well that it was another knock for the fruit and vegetable business, more particularly for the fruit business. In the Toronto market we had been selling thousands of baskets of the best cherries in each cherry season to the extract men of Toronto and other parts of the dominion, for the purpose of making extracts. The French treaty killed that cherry market because it allowed Italy as well as France to ship cured cherries in here at a price less than the producer in Canada could accept. The result was that thousands of big Montmorency cherry trees were pulled out of the ground, because their fruit was worth nothing. The cherry market has not come back yet. That was another trade treaty which hurt the fruit and vegetable business.

Is it any wonder that people become alarmed when they try to do business at all? I claim there should be more cooperation between business and government. If business were consulted I am satisfied the people in it would be fair with the government. In the United States both industry and business were consulted in connection with the trade treaty we have just negotiated. But in Canada our departmental officials are supposed to know more about everything than men who have been trained in their own line of business. Such rot! It could not be possible, no matter how brilliant our young men in the departments may be, to know as much as the men who have been trained in a particular line of business. So I repeat that we did not get a fair deal.

The Minister of Agriculture (Mr. Gardiner) has said that unemployment is not the greatest problem. He has said that if peace were assured, we would be able to sell our wheat abroad, and that we would have a great recovery. Let me say, Mr. Speaker, that I consider that nothing but a smoke screen. The present government must be entirely out of touch with business. They ought to know that the real issue to-day is that in the last nine years we have spent $900,000,000 on relief. Surely this indicates that unemployment is the real issue. I say again it is an indication that the government must be both deaf and dumb, and they have nothing to suggest to improve conditions. They are just drifting along, taking the advice of commissions.

It is unfortunate that they have not more courage. I consider that the growing of wheat to-day is not as important as it was in years gone by, because countries to which we sold many years ago are now growing their own wheat. Nearly every month of the year wheat is ripening in some part of the world, so we need never hope for the same sale of wheat as we had formerly. If it were not for the fact that our Canadian wheat is superior to any other on the world market, it could not be sold at all. The people who buy it have no love for the treatment they received back in 1927 and 1928, when we killed our wheat market. That, however, is out of the question now, and has nothing to do with the present situation.

What has Canada done to help the motherland to protect the movement of our crops to large industrial centres in the British empire and, again, to protect those areas from bombing planes, which might destroy the market forever, so far as Canada is concerned? I am glad to see the Minister of National Defence (Mr. Mackenzie) is proposing to spend money now to defend our country. He will find no opposition from this party, so long as we are sure that the money is being spent to advantage. We have to trust somebody, and we might as well trust the present Minister of National Defence as anybody else while he is in power.

An hon. MEMBER: But.

Mr. SPENCE: Yes, there are some "buts."

An hon. MEMBER: Butts on the guns.

Mr. SPENCE: The Prime Minister (Mr. Mackenzie King) said that third parties grew while the Conservatives were in power. I do not take any stock in that at all. He made the further statement that the treaty of 1935 was satisfactory, and that no one could criticize it. He said it made a wider market, and created employment for thousands. We all know it has done nothing of the kind. We know it has destroyed the market, and we have lost, as a result.

It takes a man with a great deal of courage to make a wild statement like that. Sometimes the Prime Minister has courage, because he has a wonderful debating power when he makes a statement of that kind. He must have courage to make it. Let us go back to the years between 1921 and 1930 when the government led by the present Prime Minister was in office. More combines developed and more mergers were created during that time than in any other period of the history of Canada—and no effort was made to stop it. Gradually money got into too few hands. We did not have as fair a distribution of wealth as formerly obtained. Nothing was done to look after the interior business of Canada, a business which should have deserved more consideration.

Mass buying has been encouraged by the party now in office, a procedure which has driven out individual merchants by the hundreds. That is the beginning of our trouble in Canada. If the mass buying proposition had been tackled at that time we should not have had the condition where so many people have gone broke—as they are doing to-day.

Some hon. members are good at rising in their places in the house and painting pictures of distress. In the best of times there were always some who painted such gloomy pictures. I could paint such pictures in regard to my own constituency, but I do not think it is good business to advertise the country adversely on the floor of the house, when we know what is said here may go all over the world.

My advice in connection with the budget is that it should be brought down much earlier than last year, so that the wheels of industry will not stop altogether. From now on everybody knows business will be lagging, and will continue to lag until the budget is brought down. For those reasons I wish the government would give the matter special consideration and bring down the budget in a hurry. I hope and pray that there may be no lowering of the tariffs for either farm or factory. A change in tariffs, whether they be raised or lowered, always creates trouble in the business world. I do not, and never did, believe in high tariffs. But I believe we have to protect the growers on the farm and the people in industry. There is no use in growers producing stuff unless the workers in the industrial centres have money to buy the goods. That is one of the important points to remember. Then, in Canada we have spent millions of dollars in educating the youth of Canada to develop the industry of the United States. That was done in those good old days when this dominion should have been growing by leaps and bounds. For years Canada was simply an incubator for the United States. Now our people cannot go over there, and they do not want to. Those who are there were treated well in the early days, and Canadians were always welcome.

Meddling with business and tinkering with tariffs in Canada brought business to a bad condition in 1930. Some hon. members have said that fifty per cent of the farmers are broke. Let me say that over fifty per cent of people who were in business in 1930 are out of business and penniless to-day. That is a worse condition than that of the farmers.

Many of these people in business cannot even make an assignment. I heard someone say that there are fewer assignments to-day than there were a few years ago, but the only reason for that is that many of these business men are in such bad condition that the trustee or assignee will not undertake the job because he is not sure of getting his money for looking after the estate.

Mr. SPEAKER: I am sorry to have to notify the hon. member that his time has expired.

Mr. SPENCE: It is not often that I take up the time of the house in saying anything.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: With the unanimous consent of the house.

Mr. SPENCE: The hon. member for North Battleford (Mr. McIntosh), for whom I have a great deal of regard and who is a personal friend of mine, has on the order paper another motion with regard to a new Canadian flag. At a previous session he was good enough to withdraw a similar motion. This is a trivial thing to bring up to-day when world conditions are what they are, when we have so many international troubles with which to deal. The hon. member for Quebec-Montmorency (Mr. Lacroix) also has on the order paper a resolution asking that the word "viceroy" be substituted for "governor general", and that the name of this country should be the "Kingdom of Canada" instead of the "Dominion of Canada." What a lot of nonsense taking up the time of this house with resolutions of that kind! I cannot understand why hon. members put motions like that on the order paper. It is such motions that create unrest, disunity and misunderstanding. I do not suppose the hon. members I have named intended that their resolutions should have that effect, but I think all hon. members should use better judgment in these times of trouble and tribulation. I appeal to both hon. members to withdraw their motions in the interests of this house and this country.

Some hon. members advocate reduction of taxes. They say that the sales tax should be eliminated; that the stamp tax should be discontinued and that other taxes should be wiped out. Then, before they sit down, they advocate the granting of more money to the provinces and the municipalities. How do they suppose the government is going to get money when all taxes are eliminated? You can get only what you take from the people, and no government can be blamed for that. Personally I should like to see all nuisance taxes abolished. I hate having to put a three or a six-cent stamp on every cheque I write.

My contention is that every effort should be made to study possible means of economizing. I have had to economize all my life. There was no other way in which I could get along. Economy should be studied in every branch of the service. The cost of administration in this House of Commons is entirely too high. A business administrator could save possibly hundreds of thousands of dollars in running this house, but he would not be very popular. It would be pretty difficult to practise economy around here.

The number of publications issued by the Minister of Trade and Commerce (Mr. Euler) and the Minister of Agriculture (Mr. Gardiner) should be curtailed. Thousands of publications are sent out through the country, when, I should imagine, hundreds would do. What happens to them after they are sent out? The mail men in the city of Toronto and other centres are getting humps on their backs from the loads they have to carry. Much of the stuff sent out from this house and from the different departments is simply carried in through the front-door, possibly kept about fifteen minutes, and then sent out through the back. These publications are simply a waste of good paper and good printing. I said the same thing to the hon. member for Melville (Mr. Motherwell) when he was Minister of Agriculture, but he did not agree with me. He felt that the publications sent out by his department were more important than those sent out by the Department of Trade and Commerce. Each department feels that its publications are very necessary.

Hon. members and others outside the house have been kicking about the cost of government, but no one has had the back-bone to suggest what should be done to reduce this cost. I would start with this house. If the British North America Act would allow it, I would cut the membership from 245 members to 150. The membership of the provincial legislatures should be cut in half, if not eliminated altogether. The number of county councils could be reduced, although I sometimes think these county councils are of more value to the country than the provincial legislatures. I know quite a bit about county councils.

An hon. MEMBER: How about the senate?

Mr. SPENCE: I am not talking about the senate because it is out of my jurisdiction. I do not know whether my suggestions will

meet with approval. I notice the Minister of Justice (Mr. Lapointe) is smiling. He thinks I am jesting, but I am not.

Mr. LAPOINTE (Quebec East): I agree with most of what the hon. member says.

Mr. SPENCE: The cost of government should be cut down. The salaries paid to the members of this house do not represent all of the waste. Where economy is needed is in the money spent in the different ridings in playing the patronage game. A post office costing $50,000 is built for a town of seven or eight hundred people. This was done since this government came into power.

I think the dumping duties are absolutely wrong. The government has allowed the United States to dictate the number of commodities upon which dumping duties are to be levied as well as the amount of the duty. Four-fifths of a cent or one-half a cent a pound is not a dumping duty. Even the dumping duties that we imposed in our time did not stop stuff from coming in from the other side. There are some people in this country who will pay any price for a commodity if they want it. The dumping duties should be substantial. Another thing, no importer should know the time the dumping duty is to apply.

I have a recommendation to make which I hope the government will consider. I think this would simplify matters around the customs house. I always like to try to make things easier for the Minister of National Revenue (Mr. Ilsley). Instead of having dumping duties on oranges for eight months in a year, have a duty applied for the year round. I suggest a duty of twenty-five cents a box on oranges, grapefruit, pineapples, lemons and other commodities of that kind. This would simplify matters around the customs house. Everybody would have an opportunity to compete with the other man. When it is known that the dumping duty is to be applied at a certain date, an importer with a large amount of money available can buy a greater number of oranges than another importer who has only limited funds upon which to operate. A man may have only $10,000 to $50,000, but most of his operating money will be on his books. You require a considerable amount of money to run a business. The man who can buy only one car of a commodity cannot compete with the man who can buy ten or fifteen cars before the dumping duty goes on. Such a man is able to offer cutthroat competition for the next three or four weeks. That is something for the government to consider.

The seasonal duty on oranges is around seventy-five cents a box, which is the most ridiculous thing I have ever heard. The duty on grapefruit is one-half cent a pound. Take a ten-car order, which is a fairly small one. The man who can buy before the duty goes on is able to save $345 a car. On a ten-car order that means $3,450. Such a man can sell below another man who is able to order only one car, and still make a big profit. These matters should be arranged so that one individual can compete fairly with another. We should not be playing into the hands of the monopolists and big interests.

It seems to me that we have allowed too many reductions on goods we buy from the United States. I do not think our negotiators had the necessary training. The United States had their specialists from the business and industrial world. They gave us reductions on those commodities which they will never buy, whereas we gave reductions on those commodities that we buy from them all the time. We have been going on reducing everything five per cent, or similar amounts.

I think you will agree with me, Mr. Speaker, that too much raw material is leaving Canada which should be processed at home, thus giving employment to probably thousands of our own people and giving the railroads plenty of business in moving the stuff backwards and forwards at a higher freight rate than that which the railways get for hauling our raw materials to the seaboard, and which is the lowest freight rate in the world. That is common sense, whether you are a free trader or not. The more people you give employment to in this country, the better.

One hon. member suggested during the debate the other day that the government should develop great mines, on the advice of engineers and geologists. I would not approve taking the advice of engineers, much less that of geologists. I have been fooled that way before. But if three or four men of good common sense have a good proposition in a mine and have a hundred thousand dollars or so of their own to put into it, it would not do any harm for the government to stick in another hundred thousand and take the profits, instead of allowing the whole enterprise to become a monopoly and make more millionaires like our good friend Wright who bought out the *Globe*. But I repeat, I would not take the advice of engineers or geologists.

I received a document to-day from the civil service commission, and it seems to me ridiculous. I gather from it that they want 115 men technically trained for different kinds of positions in chemistry, entomology, economics,

and so forth. We have had enough economics in this house to do me all my life. I never heard a discussion on economics that I could agree with anyway. I have studied economy in another way altogether, and I never knew anything about economics. Let me cite a few of these positions that are to be filled by the civil service commission. Men are wanted for work along such lines, as botanical surveys, fruit diseases, dairy research, soil research, fly-catchers, field husbandry, parasites.

I am one who has imported a great deal of stuff in my lifetime from Holland. I am not doing it very much now because, like everything else, somebody has stolen the business and you cannot get it back. The people of Holland are just as particular that their stuff leaves Holland in good shape as we are to receive it in good shape, and there is very little danger of any plant diseases coming from there. But the entomological branch examines every package that comes out of the box. I have no objection to that because it would be wrong to let any foreign insect that might do a lot of harm get into this country. But I certainly do not see why we need all these men at this particular time. Is business growing? Is our population growing? Is everything so good that we want to spend money? Or is this the pork-barrel? Or are these 115 people to help win the next election? Extravagance of that kind is the worst in the world and should be curtailed.

What I have said about cutting down the membership of the house and of the provincial assemblies I think should be done. Of course, I shall be told that the British North America Act will not allow it; that we can do nothing with the act there. But, Mr. Speaker, rules were made for people who do not understand very much, and we should change them all if they prevent us from doing what should be done.

Mr. J. S. TAYLOR (Nanaimo): Mr. Speaker, I have been interested and intrigued by the uniformity and unanimity with which members have risen to congratulate their fellows who have deserved well of this house. It reminds me of a ceremonial Swedish banquet where, from the youngest member to the oldest, they pass in front of the dowager hostess and thank her for the meal they have enjoyed—"Tack fur mat. Tack, tack, tack fur mat. Tusend tack fur mat. Tack fur mat."

The hon. lady member for Grey-Bruce (Miss Macphail) feeling that it was becoming a little monotonous, sought to lump her congratulations together and delivered them in one great panegyric. I myself feel that at this late stage of the debate some change should be effected and so, Mr. Speaker, I desire to say it with flowers. For that reason I propose to hand to the hon. member for Brandon (Mr. Matthews) and the hon. member for Stormont (Mr. Chevrier) pansies for thoughts, and rosemary for remembrance—thoughtful remembrance of their leader to new party members.

To the hon. member for Essex West (Mr. McLarty) some violets—violets for faithfulness—and a sprig of ivy in order that he may be zealous in his desire to please in his new office.

But there is also the hon. member for Edmonton West (Mr. MacKinnon), and to him more violets, for faithfulness, but also a lily, pure and white, and, since he will never be able to keep it in a portfolio, the kindly wish that he may keep it pure and help it to last as long as possible.

To the hon. leader of the opposition (Mr. Manion) roses, roses, plenty of roses, with a little sprig of fennel, so that he may have the loving flattery of his own party; and if the roses turn out to be blue ones, possibly that is just the colour the hon. member wants.

To the hon. member for Kootenay East (Mr. Stevens) a sprig of rue, the herb o' grace, rue for repentance, circled round with many twigs of hazel representing the reconciliation and forgiveness of his friends.

And now, Mr. Speaker, that I have given away all my flowers, I want to record, socialist though I consider myself to be, the real sense of satisfaction which I experience from the fact that Their Majesties the King and Queen of Canada are going to see our country and to deepen by their act the symbolical significance of their place in the scheme of things. To me, sir, the evolution of a free society does not under any circumstances necessarily imply or compel the elimination of that continuing act that we call government. In this evolution government has become among democratic peoples a function of the people, entrusted by the people to representatives of the people, to act for the people. In the struggles of the peoples for freedom in the British democracies, the hereditary rulers have for all time forsworn their right personally to govern, and they have accepted a new and higher symbolical position and significance in their historical succession. As a result, to-day the soul of the people of Canada finds its living symbol in the peculiar person and functions of its king, the King of Canada, he in turn being honoured in his domestic duties by the presence and help of his gracious wife, the Queen of Canada. To-day in every part of

the empire this same symbolism is accepted and welcomed in the hearts of the people. I give this explanation because of the many people in our land searching for a correct interpretation of the social movement in Canada, people who find their hearts and minds struggling adequately to rebut the arguments of republicans and the arguments also of the dogmatic socialists, many of whom are vocative members of the Cooperative Commonwealth Federation.

Removed as a British king is from ambitious selection by heredity; removed as he is from partisanship of every kind by the very nature of his new position and responsibilities; removed as he is from danger of failure in continuity by the very considerations which establish his functions, no citizen of Canada or of the empire need fear that majesty to-day usurps any rights or claims any privileges not entirely proper to the sublimest interests of the people or its most democratic expression, whether those expressions be of capitalism or socialism or any other ism or economy. Consequently, human nature being what it is, my conviction remains that we honour only ourselves when we elevate to his proper place our king, with his queen, as the living symbol of the soul of the people of Canada and when we respect and honour him as such.

There may be some excuse for the dogmatic socialists viewpoint, and there may be even some excuse for the Vancouver Co-operative Commonwealth Federation lady alderman who classified their majesties' intended progress through Canada as "a royal circus"; but if I still correctly estimate the hearts and minds of many Cooperative Commonwealth Federationists in British Columbia, their loyalty to the kingly conception is not the less sincere because it has kept pace with the changing social conditions of our times.

Yet, while rejoicing, my heart is sore, contemplating the condition of many if not most of the people in this amazingly rich and fertile country to which our king and queen are coming. The disposition of many hon. members to take solace and excuse in the biblical statement, "Ye have the poor always with you," is pusillanimous, and it loses its value still more when we recognize that the word in the original Greek text does not mean so much poverty of pocket as it does poverty of mind and opportunity. I well remember as a youngster, away back in my native city of Liverpool, visiting the slum districts under the guidance and expert direction of a very keen student of humanity. I saw and learned there pictures of poverty before which even the tragic pictures of Canadian life to-day lose their luridness by comparison. In 1907, by way of rounding out my experiences in human understanding, I investigated and learned of the festering sores which suppurated Whitechapel and other districts in the east end of London. In 1937, on visiting England again, I made a point of revisiting these old places in London, Liverpool and other parts of the country; and though there is still a great deal to be desired in the condition of these people, my heart was rejoiced to see how here and there and everywhere, slowly but surely the submerged tenth of which that great humanitarian, General Booth, wrote, was being carefully lifted out of the waters of affliction and their feet planted on the highway which leads to opportunity and social security. And so, drawing attention to the fact that my service covers over fifty years of what I myself believe to be a keenly observant mind directed by natural inclination to the study of my fellowman, I am prepared frankly to admit that Canada has no terrors of poverty to compare in its bestial actualities with the conditions of life in the eighties in the older countries of Europe.

Some hon. MEMBERS: Hear, hear.

Mr. TAYLOR (Nanaimo): But because I have by this admission led my optimistic friends complacently on, I must rudely shatter their smugness by declaring that the tragedy of suffering to-day in Canada is as vicious to the sufferers here as it was to the sufferers in those older countries—vicious because of its utter needlessness, vicious because of its comparison with what might easily be accomplished, and vicious because its difficulties are so easily understood to-day and so easily remedied.

To-day, because of these facts, it becomes a crime against any community if the government causes such misery. Therefore I declare that if in Canada our people have not adequate food, clothing and shelter, we are committing a crime against our people in this land flowing with the milk and honey of abundance, and sooner or later we must get busy and stamp out that crime. Surely it will be agreed that, if we export wheat, no Canadian citizen should fail to have his bread; if we export milk, no Canadian child should go short of that essential food; if we export cattle, no Canadian worker should sigh hopelessly for his beef; and if we export bacon, no child of Canada should imitate that gutter urchin of the nineties in the Mile End road who went to the corner grocery store and said something like this, "Sye, mister, coupla' ounces of bacon

cut wiv a hammy knife, and muvver says tell old red-head not to be stingy." You have all heard that before, but it draws a vivid picture.

Of course I am still new to politics; 1936 marked my first appearance in this or any other elective house, and I came green and raw to the problems of government. I have been disillusioned more times than I care to think of. I have often compared the strange political efforts of the combined membership of this house with the actions of a paunchy individual whom I knew away back in the South African Transkei many years ago. In the heat of summer he liked to wear his trousers back side to front because, he said, it gave him such a feeling of comfort and coolness. With us, we wear the garment of retrogression to escape the heat and distress of these terrible days in Canada. Hon. members, two hundred and forty-five men and women of more than ordinary intellectual capacity, able in themselves individually and collectively to run most of the professions and industries of our nation, meet here in solemn conclave to settle our affairs, but meet here after having secretly sworn, each to himself or herself, never under any circumstances to allow anything to be done in the house in a way that ordinary commercial business is done; never to use any of the principles which have so eminently succeeded in business or professional life; never to permit any interference with business; never to permit the honesty and integrity of business and professional life to mould and fashion the policies of party government.

Of course I have overdrawn the picture; of course I have not hesitated to be caustic in my condemnation; but before I have finished my remarks, discerning members will understand exactly what I mean. It is because of this confliction of vibration that high-minded leaders utter pre-election cries and bring to the public platforms appeals which ring true in the hearts and minds of the people. But it is because of this also that the voice of opposition becomes merely the voice of opposition and turns this august forum too often into a cockpit of tykes and terriers. Because of this, earnest, thinking members again and again drag their solutions of the country's difficulties to be here reasoned about and criticized. But it is because of this also that there is no burial place so deep as the records of this house, no gravestones so heavy as the pages of *Hansard*. Because of this, men wonder that wrongs are not righted the moment they are declared wrongs. Because of this, we in this house stand fearfully at the doors of common sense and progress, afraid to raise the latch or raise a foot to cross the thresholds. I have heard men in this house, not once or twice, but many times declare that they would not stand for these things for a single moment in their own business. Why then, in God's name, do we as members of this house stand for these things?

In a picture now in Ottawa Ronald Colman enacts the part of a member addressing the House of Commons at Westminster, and in an impassioned speech declares as follows: "The only party to which we should now in these times belong and owe allegiance is all humanity. Let us get together to right these wrongs and mayhap in the doing of it we shall also save our souls." The essential differences between parties render the tasks necessarily tiresome, carping and formal. I have waited for the present government to break through its orthodoxies. I regret to say I have waited practically all the time in vain. I can hope for no better from any of the other parties. Let us forget the political advantages for which we are eternally exhibiting ourselves and let us together drive want and despair from our land; for it can be done and it must be done.

I have said I hope for little from any of the parties as such, and I repeat that until the members of the house are prepared to think in terms of our people's need rather than in terms of party, we shall continue to face a rapidly approaching disaster from which we may never recover. Having said this, I do not know whether hon. members will react with amusement or with toleration or perhaps with righteous indignation when I tell them that in that beautiful part of Vancouver island, the Nanaimo riding, our citizens have double representation. There is the sitting member who devotes all his time to the duties and cares of his office, and there is the supreme director of political patronage, the defeated Liberal candidate who approves or disapproves the efforts of the sitting member as he thinks fit, but who cleverly ensures that his own picture shall be well placed in the local papers and that he, and often he alone, shall get the credit for every advantage secured. So well has this excellent division of service and of credit been maintained that I cannot recall a single occasion when the member failed to make an effort to do his duty or the dispenser of patronage failed to secure the credit for the work done.

I have accepted these conditions amicably for nearly three years and have laughed consistently at the hollowness of the situations

it brought about. But I find myself turned definitely to anger when I contemplate its effect on the whole body politic. I have no personal ill-will against this young man. I understand that he has done good work in other directions. I have no personal ill-will against anybody, or, if I have, I try earnestly, with the intenseness of my nature, to avoid it. But that young man will have enough to do to contest his nomination for election in face of the two opposing Liberal candidates whom he will meet. His patronage activities, however, I want to declare in this house, are absolutely contemptible. I have profound personal respect for the right hon. the Prime Minister (Mr. Mackenzie King) and I have wholeheartedly extended my respect to his ministers. I confess to a sense of joyous relief that the Bren gun probe so recently held left the character of the Minister of National Defence (Mr. Mackenzie) unquestioned. But I do know that official letters leave Ottawa enjoining government officials on the Pacific coast to have their submissions for new service in my constituency referred to this back-door member of the riding. I do know that last session, when this young back-door member was in Ottawa, I was called into the private room of a minister of this government—of course, when the minister was absent—to be warned by that young man that I would be a fool if I ran against him for reelection, because he was nursing the constituency for himself and wanted the seat, while I would do nothing more than ruin his chances and fail to seize my own.

Even these things were as "water on a duck's back"; but when I have information that my efforts as member for the constituency have been cancelled or delayed until it suited this man to act, I feel that the country should know; for if these things are being done in the green tree, in heaven's name what will be done in the dry? The latest stupidity, to use a mild expression is this: Early last year, 1938, I conveyed to the former Postmaster General (Mr. Elliott) the desire of the citizens of Duncan for two street pillar-boxes to facilitate mail posting. Approved departmentally early in May, 1938, this simple business facility was deliberately hung up by this back-door member until this month, January, 1939, eight months afterwards. The local paper, the Cowichan *Leader*, Duncan, B.C., under date of Thursday, January 19, 1939, writes as follows:

> Two Mail Boxes to be Placed on Hospital Hill and Townsite.
>
> Residents of Duncan's Hospital Hill and Townsite will no longer have to go to the post office to mail letters. Duncan junior chamber of commerce has won its fight to have mail boxes placed beside the school store at the corner of Cairnsmore street and the Island highway, and beside Smith's community store at the corner of Coronation avenue and Bundock street.
>
> With the cooperation of Mr. H. A. Collings, Duncan postmaster, Mr. Claude Green, the junior chamber's committee of one, has been trying for nearly a year to obtain official consent to the erection of the boxes.
>
> Action finally was secured through a letter to Mr. Alan Chambers, Liberal candidate at the last dominion election. Mr. Chambers wrote this week that authority had been given.

I should like the government to look into that matter. This does not disturb me personally. It will not affect my decision to run again or not to run again. As a matter of fact, I have not yet told myself what I shall do. And I am not seeking credit for my services; they have been sought for and accepted willingly as an honourable duty. But I do earnestly warn the government that these things produce unrest and disquiet throughout the country. The country knows of them, and that disquiet is continually increasing. I declare that political knavery in the outfield is not the best way to train the cricketer to use his bat when he goes to the wicket. I hope hon. members will recognize these stupidities as some more of those things done in politics which would not be tolerated in a well conducted business. Of course it is likely that denial will follow denial. But all that I have said is absolutely true as far as my researches have been able to penetrate the zone of silence which surrounds these matters. While I have had to reflect upon the actions of an individual, I have done so quite unwillingly, my scruples overcome by the gravity of the destroying influence of political patronage in practically every aspect.

Nor unfortunately do I gain much from the contemplation of the activities of the Cooperative Commonwealth Federation. The earnest representation given by the high-minded members of that party in this house does not remove the political trickery which too often activates the controlling members of the party throughout the dominion. Here the members of that party are still largely a protest group, and in consequence of my taunt that no constructive plan was placed before the house by them they have submitted many desired features of an entirely new economy, without, however, showing the constitutional path by which these desired features might be secured for the people. And that, I submit, is essential. In the country the provincial executives are becoming increasingly Marxian socialists with all that this implies of secret talks against the institution of monarchy, of apotheosizing

Marx even beyond the halo which surrounds the Master of all time, of necessary sympathy with the Russian experiment, the human teredos of communism and the revolutionary formulae of Marx and Engels. I have already indicated that the Marxists had seized the British Columbia provincial party executive and were sedulously proselytizing the emotional and protesting adherents of the Cooperative Commonwealth Federation there. Do not forget that last word in the title, "federation." In 1932, when the hon. member for Vancouver East (Mr. MacInnis) carried his credentials to Calgary, to what was to become the birthplace of the Cooperative Commonwealth Federation, he carried credentials not only from the socialist party of Canada but also from the Vancouver branch of the League for Social Reconstruction, of which I was then a militant member and later became the secretary. The federation was to be farmer-labour-socialist, organizations united in social economic effort. British Columbia never did obtain the united political support of its labour organizations, while the League for Social Reconstruction, or rather its political offshoot, was ousted from its federating possibilities to become either a tool or to be pushed off the shuffleboard.

In Alberta the United Farmers of Alberta, whose untiring worker, Norman Priestley, was the first national secretary of the Cooperative Commonwealth Federation, have now renounced political aims, withdrawing officially and, therefore, in large measure by membership, from the Cooperative Commonwealth Federation ranks. Thus slowly passes almost unnoticed in its retrograding the Marxist-controlled Cooperative Commonwealth Federation, in its inception and in the enthusiastic hopes of its first devoted workers the finest and most promising economic movement which has demanded attention in Canadian life.

The Social Credit party have not been mentioned by me, but I should not omit them. It will be recognized that I have not hesitated during my work in this house to criticize them as well as to declare the value to the country of their formula. I have little other than sincere respect for the members of this party. I have condemned the weakness in the particular formula by which they hope to bring their hearts' desire to the people. But they are united; they are moving along one track to one goal, and I am impressed to say that because of that we shall see them here in larger numbers in future sessions of this house, battering at the orthodoxies which have our time-worn system in their grasp.

[Mr. J. S. Taylor.]

There is one final word and wish arising out of all that I have said. That is that we may get together as a house, intelligent and eager to discover a way by which, no matter what system we live under, we can assure for our people in Canada social security and health and peace and sweet content.

Mr. NORMAN J. M. LOCKHART (Lincoln): It is not my desire to add to the repetition of congratulatory references which have been made in this house during the continuance of this debate. May I, however, be permitted to join in all those that have been expressed by hon. members who have preceded me. I do desire to add my word to the expressions of appreciation from all parts of the house on the return to public life of the hon. member for London (Mr. Manion) and his succession to the leadership of the National Conservative party. It is most gratifying to note that he has spoken all across Canada and is recognized as a man of integrity and a good Canadian. Perhaps I should also extend a special word of welcome to my colleague the hon. member for Waterloo South (Mr. Homuth) who has already so nobly acquitted himself in this house. In the brief reference he made to his victory in the recent by-election, I know it was his modesty which prevented him from referring to the fact that his majority was such that both of his opponents in the campaign lost their deposits. It is quite obvious that the citizens of central Ontario expressed themselves in a most definite way, and more especially when we remember the heavy battery of strong ministers who went there to assist the Liberal candidate. I attended one of the meetings and sat in the back seat, and I found it interesting to hear what was said.

May I be permitted to add a word of appreciation on behalf of the citizens of the Niagara peninsula, and more particularly Lincoln county, of the arrangements being made for their majesties to visit that historic peninsula, with all its wealth of orchards and vineyards. The royal party will inspect the great Welland ship canal, and spend a short time in the historic old town of Niagara-on-the-Lake, which was the seat of responsible government in Upper Canada many years before confederation. Then they will visit the sacred shrine at Queenston heights, where the name of Laura Secord is perpetuated in memory by the citizens of Canada. They will view at close hand the great power houses of the hydro-electric system of Ontario and travel along the picturesque boulevard which skirts the Niagara gorge, ending their scenic drive at Niagara falls, to rest for a few hours

within sight of the mighty cataract, before crossing into the United States. The citizens of the Niagara peninsula, many of whom are direct descendants of United Empire Loyalist stock will welcome the opportunity of expressing their loyalty and devotion to their majesties on their visit to Canada.

In the present debate all hon. members are given ample opportunity to express their views on the subject matter contained in the speech from the throne. When the speech from the throne is presented it is considered to contain a reflection of the policies the government is advocating to meet the problems which confront the Canadian people. It is only fair that we should compare the speech from the throne with the pledges made to the electors before the election in October, 1935, and before this government took office.

After three years I had expected to find at least some explanation of the unfulfilled promises made to the citizens of Canada at that time. Naturally it is with no surprise that we hear increasing murmurings from every part of the dominion. Evasion and inaction are terms which are being applied to the lack of policy which has been so evident during the last three years. A great fear hangs over Canada. For some time past the world has been in a state of military eruption. The crust of civilization appears to be wearing thinner and thinner. With strange suddenness that crust has been broken in spots, only to emit violence and the destructive flames of war. To a certain extent those eruptions have been more or less of a minor nature compared with what may take place at any moment.

We cannot, however, lose sight of the fact that the streets of distant cities and towns are flowing again with human blood. To listen to the speeches delivered by the Prime Minister of England and Chancellor Hitler within the last few days makes one wonder just how quickly the eruption might come again. Fear has again seized a once trusting people. Economists declare war is the result of the natural demand for new markets, aggravated by the irresistible need for raw materials. Whatever frenzy has seized a few—and a few only—of the once so-called civilized nations of the world, it is generally conceded that a more vicious form of selfishness and greed is dominating the hearts and minds of a few of the nations who were professing culture and progress, but who have cast aside all semblance of decency in their lust for power and possession. Surely it is high time, in the name of right and justice, we openly joined our limited resources with those of greater influence.

In the speech from the throne we have the proposal to spend over sixty millions on national defence. With that policy I am in hearty accord. Only a few madmen have made necessary this most drastic action. Is it not, however, all too significant that hand in hand with the proposal to spend vast millions on defence we have laid before us the report of what is called the Davis commission, appointed to inquire into the first large armament expenditure that has been made. On the streets the general comment is that evasion was evident in the report. Some call it a whitewash; some interpret it as the direct result of political influence. One has only to keep his ears open and say nothing, and he will conclude that whatever else the Bren gun can do, it is certainly going to have a double-barrelled recoil on the minds of the people of Canada.

May I extend a word of congratulation to the hon. member for Vancouver North (Mr. MacNeil) upon the able way in which he presented his views to the house, following a study of the commission's report. We heard the rumblings of the past two years concerning the way in which defence moneys had been spent on the Pacific coast. How that echo has gained volume, with the last few millions of dollars spent for Bren guns! Thousands of dollars have been spent on a commission and now parliament is to decide whether or not we have dug a dead factory from an industrial grave. Now we have a scurrying for cover behind the promise that this will not happen again, because "we are now to set up a defence purchasing board." Mention the Bren gun inquiry on the street, in the train, in a hotel corridor or, perchance, in any place where men would congregate, and if a person were to take a straw vote on what he heard or the opinions expressed, I can only say that the old saying would still hold good, namely that you cannot fool all the people all the time. Is it to be wondered that we have fear at home and abroad? In the midst of it all we stop and realize that unemployment is again on the increase.

Oh, yes, I forgot we are to have some assistance given to the struggling taxpayers at this eleventh hour. Some help is to be given to the taxpayer who has been doing his best to relieve the burdens of some of his brother-men. But in thousands of instances it is too late. The red arrow indicating a tax sale, the red arrow indicating a foreclosure, was aimed two or three years ago at the home owner who had dreaded it for years. The earnings of half a lifetime or perhaps a whole lifetime are gone. Why was

not some help along this line given nearly four years ago? Someone who was most unkind has whispered, "Do you not know there is liable to be an election this year?" That information may be authentic, but I do not know.

I understand the Minister of National Defence (Mr. Mackenzie) has originated some scheme of financing our defence costs over a ten year period. This may help the Minister of Finance (Mr. Dunning) out of some of his difficulties. Apparently we are not to get the full effect of the blow until a year or two from now. I noticed the hon. member for North Battleford (Mr. McIntosh) has again introduced legislation to change our flag. I suggest that he defer any action this year in order that we may have an opportunity to realize what the union jack means to Canada and what it has meant down through the centuries. Perhaps if we pass safely through a few more crises, we can adopt a suitable ensign for ceremonial purposes. If 200,000 of the unemployed are again called to arms—and God forbid that they should be—I do not imagine they will mind standing shoulder to shoulder with British tommies under the union jack. The history of Canada is such that every right-thinking Canadian cannot help but realize that, after all, we are a part of the British empire.

Many people in this country are tired of camouflage. They have had enough evasion. They are wondering how long it will be before we come out and tell the world where we stand. We are being asked to vote $60,000,000 or $70,000,000 for defence. So far as I am concerned, if it were necessary I would say, make it $160,000,000 or $170,000,000. But I do urge this government to make haste in taking armaments out of the political pot. Let us not have half measures; let us be honest with these young men who are unemployed. How we shall need their services if we are forced to spend perhaps $100,000,000 or more on defence!

I plead with this government to see that in the spending of the next $10,000,000 or $12,000,000 there is no need to smear Canadian defence records with another investigation. Perhaps some hon. members will rise in their place, and say that there was no need of an investigation. But the report is being read; it is now in the hands of the public. I suggest to all members of the government and to all others who do not think in terms of Canada and the empire that they tune in on what is on the air. This is one broadcast that cannot be controlled by the Canadian Broadcasting Corporation of the present government.

[Mr. Lockhart.]

In this connection may I say that I am one who favours the reasonable regulation of broadcasting period. Wave-lengths must be controlled and distributed. The broadcasting of obscene programs must be made an indictable offence. There are many other matters that must and can be controlled as they are being controlled by other countries in the handling of radio broadcasting. Let us consider the system that has been built up in Canada, as it has been made evident in the last few weeks. This system has been financed largely by taking $2.50 from the pockets of each individual radio owner in this country. This is just another broadcast that will deal a death-blow to the government when the next election comes round. I say to the people of Canada that it will not be long now. If I am in this parliament when that time comes, I shall move to have this unfair tax taken from the statute books. All this has been described to me in a rather amusing way, which is perhaps worth repeating, as the broadcast from LPSO. When I asked for an interpretation of that station name, I was told it was the "Liberal party signing off," to return to the air, we hope, at some later date.

I desire to say just a word about unemployment. We have had this time-worn reference to unemployment in previous speeches from the throne. How we have played checkers with this problem during the last three years! Hundreds of thousands of dollars were spent on a commission—of course it must be by a commission—to have the underprivileged set up in new categories and classifications. I opposed the setting up of this commission, but I am quite frank to admit that I am less critical to-day. That commission did make a number of good recommendations with which I am mostly in agreement. But, I ask, how many of them have been acted upon in the speech from the throne delivered in 1939? I expect that Mr. Purvis will have now concluded that such a report as followed the Bren gun inquiry would have served the same end as the one which he so ably submitted to this parliament.

The hon. ministers of the government know or should know, and every hon. member of this house knows or should know, that unemployment is a burning problem in 1939 just as it was in 1936. This government said this before last election. Has it not been held up to our eyes in every speech from the throne since 1935? When no tangible solution has

been found I am surprised that such an extended reference to unemployment should be made in the speech from the throne this year.

Everyone knows that the farmer is harder pressed year by year. Everyone knows that the fruit and vegetable growers are sore beset by importations of fresh fruit and vegetables. Just read their protests made at their recent conventions, and I shall have more to say on that later on. I have had some resolutions sent to me already, and there are more to follow, which will be useful when we are discussing the trade agreements in this house.

Everyone knows that secondary industry is being driven to desperation to keep factories running even on part-time. Every hon. member of this house knows that. I have talked with many heads of industries in recent months, and they are making every effort to maintain the esprit de corps of their employees. Surely the hon. Minister of Labour (Mr. Rogers) does not imply that industry as a whole is not cooperating. I tried to follow his words, and I gathered that impression, but I hope I was wrong.

The greatest difficulty found by secondary industry to-day, when a slight increase of business, which they are striving after day by day, comes to them, is that immediately they call back some of their former employees, or perhaps call in new men to obtain temporary assistance to handle the new business they may have secured, they find that a great many of these men have been on relief and have lost the art of doing the job they used to do. Industrial leaders will tell you that, any day you wish to converse with them on the subject. That has been my experience with secondary industries, and I come from an industrial area, with a diversification of industries.

If the hon. Minister of Labour finds that industry is in some instances exploiting its workmen, surely he has the machinery to take care of that situation. But at once I hear the cry that provincial rights must not be encroached upon. I am getting a little weary of hearing that, Mr. Speaker, in this House of Commons; and how in the last three years this has grown and multiplied! There must be a reason for this. True, we experienced some of these difficulties in former years, but did we find the difficulties insurmountable? Whereas a former administration instituted old age pensions, we find the federal government now paying 75 per cent and the provincial government, 25 per cent. We had cooperation then, and by cooperation now we extend that act, as suggested by the hon. member for Vancouver South (Mr. Green), to take in citizens who have reached sixty-five years of age. Would it not have been reasonable to expect in the speech from the throne that in the light of economic conditions to-day the government might have desired an expression on this point from parliament? We all know that men and women over sixty-five years of age are now completely out of the running when it comes to getting a job.

My conviction is that if the federal government would lead in the field of constructive social legislation, there would be no more difficulty with the provinces than was experienced in extending the old age pensions scheme. It does appear to me that there must be something radically wrong in the approach that has been made by the federal government to the provincial governments, or we would not find the provinces resenting to the extent they do the attitude of the central government. The man on the street keeps asking why the happy family of 1935 can no longer agree. One premier came out openly for one hundred per cent cooperation, and yet he to-day is the bitterest in his denunciation of the policies that have been followed by the central government. There is an old saying, that water will find its own level. I suggest that there have been too many holes somewhere; that the water has formed into pools, and how stagnant some of those pools have become! Workers, farmers, and men of capital—everyone would willingly cooperate to solve the crossword puzzle we have before us to-day, if only they were given a lead.

I shall not criticize the Minister of Labour for the effort he has made to train a small percentage of our youth, a small percentage of that immense number of young men and young women who are turned loose in Canada every year. There has been special training, youth training, as it is called, to supplement technical education. I was interested in a remark made by the Hon. Eric Cross the other day, that he wanted the federal government to list these men who are wandering the highways and byways. I shall not take time to read his statement because hon. members have probably seen it, but I should like briefly to give a personal experience.

A young man came to my home just a few days before I left to attend this session. His clothing was in a terrible state, and he was almost barefoot, although it was a cold night. His plight enlisted my sympathy so I invited him in to have a talk, and this, briefly was his story. He was born and had

lived in the city of Guelph. His mother was dead; his father was on relief. He attended the technical school, and among the subjects he qualified in was welding. Leaving school with his diploma he got seven months work in one of the industries there. Then the industry told him that they had lost a great deal of business through competition, and they laid him off. He then went to Sarnia to seek a job, having been told that there was welding to be done there, but he could get no work to do, so he begged his meals and hitch-hiked back to Toronto, where one industry, which was almost shut down, told him they hoped to get some business and suggested that he come back in three weeks when they might have some welding work for him to do. Boats were being repaired at Port Dalhousie, involving considerable welding, so he thumbed his way to Port Dalhousie, and that is how he happened to come to my home, cold and hungry.

Parallel with that I received a letter just a few days ago from a young man whose family I am well acquainted with, and who is attending the central technical school in Toronto. He is specializing in welding there and expects to graduate this summer. He wrote asking me if I knew of any place to which he could direct his attention in order to get a job after he graduated. Am I to tell him the story of the young man from Guelph who tramped and hitch-hiked all over this country trying to get a job at welding? The whole difficulty is that secondary industry is throttled and cannot possibly provide jobs for these young men with special training. You do not have to leave Ottawa to find that out. I suppose quite a number of members of the house saw the article in the morning edition of the *Journal* of last Friday, from which I quote:

> Homeless wanderers coming from the easternmost reaches of the dominion and the prairie provinces sleep with down-and-outers from Montreal and Toronto.
>
> "We've never had a winter like it," declared the desk sergeant. Many of the men had been attracted to northern Ontario by reports of mining activity there, but found no work.
>
> Heaviest night the police doss-house has had this winter was when twenty-nine received the privileges of the lock-up. On Sunday night last, coldest of the winter to date, nineteen were admitted.

Unemployment needs the earnest consideration of this house and this government.

May I say just a word about housing, which dovetails very closely into the unemployment situation. I would refer to the words of the Minister of Finance (Mr. Dunning), to be found at page 3898 of *Hansard* of 1938:

> I know of no better means of expanding employment in Canada to-day than by stimulating building activity. The construction industry is the most important of our capital or durable goods industries. . . .

I believe that the minister knows the situation, and is fully conscious that to a large extent the unemployment problem can be solved if we can re-employ the tens of thousands who follow the construction industry. Not only is it true that labour of one kind and another constitutes approximately fifty per cent of the cost of construction, but when we follow through we find that in the production of materials which go to make up construction, labour comprises perhaps another thirty per cent. The minister outlined the situation very clearly, referring to—

> —the magnitude of the dollar value of the products of the construction industry in normal times;

He went on to express in his own good language what that meant to the country, and remarked later on:

> The increase of residential contracts . . . was very largely attributable to the stimulus provided by the Dominion Housing Act and the home improvement plan.

With that I partly agree. The minister will recall that I asked him some questions in this house last year as to what extent he believed that the lending institutions would cooperate. I drew attention to the fact that in connection with the building of workingmen's homes, the need for which is so evident at this time, and was at that time, men could not and do not consider it practicable to erect small homes on uptown streets where the assessment commissioner takes his pound of flesh. In urban centres workingmen prefer, and rightly so, to build near the outskirts of their city or town, and they often choose acre or half-acre plots along highways or improved roads, perhaps just at the very border of the city or town limits. The urgent need is to construct workingmen's homes on lots such as those to which I refer; this is apparent to those interested in the building industry. At the present moment I have in mind about ten homes which could be erected this spring if someone could influence the lending institutions to give reasonable loans in such cases. I hear an hon. member say, "hear, hear." I should like to take a straw vote of the men in this house who know something about this problem. Last year the minister informed us that he had every assurance that the

lending institutions would cooperate in every way. I know the minister was sincere, but if he would like me to do so I would give him the address of a man whom I consider one of the most dependable contractors in the Niagara peninsula, who has applied four times for loans on workingmen's houses on splendidly located lots of the type I have described, and who cannot obtain even consideration. I have the complete information in this case, and will supply it if the Minister of Finance still thinks the lending institutions are giving one hundred per cent cooperation.

I agree with the statement made by the minister that the legislation which was introduced has helped. I think I can prove to him that the high taxation on uptown lots in urban centres has prevented the erection of new homes and retarded house construction in this country. I leave it to hon. members whether in some of the small but thriving villages one can obtain to-day a decent loan to build a workingman's home worth around $3,000. It just cannot be done, and I know something about this because I have followed this work for some considerable time. When these same workmen conceive the idea of going out a short distance and buying a plot of ground such as I have described, and there is no possible chance to help them, what happens? They go into the urban centres and rent two or three rooms. With their limited incomes that is all they can possibly afford to live in. The children play on the street. The country is spending millions to stamp out tuberculosis, and the automobile accident goes on taking its toll, in spite of all the safety propaganda that we can enunciate in our schools or through other agencies.

I turn to a consideration of the urgent need in the larger cities across Canada. Surely the Minister of Labour must realize that it is in the larger places such as Montreal, Toronto and Winnipeg, that the unemployed are found in the largest numbers. We all know that they drift to these centres. This has resulted in the development of what are termed slum areas.

Unemployment became general all over the world at about the same time. The United States did not have this problem before we did. Have we done one thing more than just study the problem? Did England wait to deal with it? Did the United States move in regard to slum clearance? Go to many of the larger centres in the United States and what do you find? The federal authorities have taken action. Nearly a year ago I wrote the Department of Labour here at Ottawa, thinking I was right in so doing, to draw their attention to what I found was in operation in some centres in the United States. I received a reply that the matter was still being studied or words to that effect. Can anyone dispute that unemployment would be relieved if we had some leadership at Ottawa? In the United States thousands of poor unfortunate individuals are being, and have been, housed for the last year or two, in clean, comfortable quarters at low cost; and I repeat that along with that provision they are stamping out tuberculosis and the death toll from automobile accidents at which we shudder so often when we pick up the morning paper. Proper playground areas are provided. I have not been able to discover in the speech from the throne anything which even suggests action of this kind. Yet we know that to-day in large centres like Montreal, Winnipeg, Toronto, Vancouver and Hamilton—I know of a situation in Hamilton that could be cleaned up—nothing is advanced to meet their needs. But I see in the paper where $300,000 has been spent on an armoury in Hull.

Mr. DEPUTY SPEAKER: I regret to interrupt the hon. member, but I must remind him that he has spoken for forty minutes.

Mr. LOCKHART: May I have just a minute or two to finish?

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Some hon. MEMBERS: Go on.

Mr. LOCKHART: I say that $300,000 has been expended on the armoury in Hull, which someone has described as a glorified club room. I was not there, but I have been talking to men who were present at the opening on Saturday last. Well, I suppose there will be no relief in Hull now, but I suggest that it would have been a great deal better to build one thousand working men's homes in Canada at $3,000 each than to put all the eggs in one basket. It creates an overhead when you erect buildings of that kind.

Mr. MACDONALD (Brantford): What about the armouries in Calgary?

Mr. LOCKHART: There are some armoury buildings on the way, I understand.

Mr. MACDONALD (Brantford): What about the old British flag-waving?

Mr. LOCKHART: That is all right; some of my hon. friends may be waving it yet.

Mr. MACDONALD (Brantford): We shall be glad to wave it.

Mr. LOCKHART: The hon. member for Brantford City (Mr. Macdonald) would be wise if he did wave the flag because he comes from a very patriotic city.

Mr. MACDONALD (Brantford): I say we shall be glad to wave it.

Mr. LOCKHART: I suggest to the Minister of Finance that he think this matter over seriously when he confers with the other ministers in the preparation of the estimates, because the erection of these buildings does create an overhead which the people will have to pay for in perpetuity. We shall have more to say about these matters when we get the list of public works which is still in the background. Cannot the Minister of Finance persuade the Minister of Labour to stop studying the question and get together with him with a view to finding some means of building, or of assisting in building, five or ten thousand workingmen's homes across Canada in connection with which there would be no overhead and which would produce far more peace and prosperity than buildings such as I have been discussing, and which, we know, are being considered in many places.

I had wanted to make one or two special references but I shall bring my remarks to a close. I wish, however, to refer briefly to what the Hon. Mr. Cross has said. He expects that by the end of the month unemployment will increase from approximately 250,000 to 283,000. This is a clear indication that something definite must be done. I wish to read from an article along this line which has appeared since we have had the proposed legislation to assist the municipalities. One editor, writing about it, says:

> That will help a great deal in securing a lower tax rate for this city. A reduction of at least two mills is already planned; it is possible that it can be made better than that. The only fly in the ointment is that while the city's share of the total may be less, the total itself may be much greater because of the increased unemployment demands.

I will have more to say later with regard to the question of a balanced budget and touching some of the remarks of the Minister of Trade and Commerce (Mr. Euler).

We have now entered upon the fourth session of this parliament under this administration, and if I interpret aright the minds of the Canadian people, we shall before long hear the gong sounded and the curtain rung down on one of the greatest four-act dramas depicting inertia and incompetence which we have seen in this country since confederation.

Mr. J. L. DOUGLAS (Queens): Mr. Speaker, at the outset of my remarks, which will be brief, I wish to congratulate the mover, the newly elected member for Brandon (Mr. Matthews), and the seconder, the hon. member for Stormont (Mr. Chevrier), upon their addresses in reply to the speech from the throne. It was a matter of personal pride to me to listen to my good friend the mover, who is a native of my own province, whom I have known for many years, and who has many warm friends in the city of Charlottetown and throughout Prince Edward Island. Last summer I had the pleasure of spending part of a day with the hon. member for Stormont when he visited our province, and I wish to congratulate him also. We are always glad to have members and others from other parts of Canada visit us, and we have always much pleasure in showing them our beautiful island.

I wish also to congratulate the leader of the opposition (Mr. Manion), who has been chosen leader of the National Conservative party. I had the pleasure of meeting and listening to him when he made an after-dinner speech at a banquet in Ottawa in 1934 at a produce dealers' convention which I attended. With his experience as a doctor, a soldier and a parliamentarian, I am hoping that he will be able to make a further contribution to Canada.

May I also congratulate the hon. member for Essex West (Mr. McLarty) and the hon. member for Edmonton West (Mr. MacKinnon) upon their appointments as members of the cabinet. I am sure they will do their part in the interests of our Canadian people.

It is a pleasure to see my colleague, the hon. Minister of Finance (Mr. Dunning), back in this house, much improved in health. All our people were pleased when they heard that he had selected the north shore of the province of Prince Edward Island to seek rest and health, where one can enjoy the sea breeze from the salt water, and also where one can lie in the hot sand and enjoy the glow of the sun to one's heart's content; and I well believe the minister will agree with me that he owes much to those few weeks which he spent on the island and which helped materially in his rapid recovery. I wish to say, to any other hon. members who are tired and weary, and who wish a quiet peaceful vacation, that there is no other place in this wide dominion to equal Prince Edward Island. I have travelled across Canada twice, and lived three years at the Pacific coast where there are many of our own island people, all of whom some day hope to return

to the land of their birth. This reminds me of a story we are told about a certain man who visited heaven where he was shown round the different mansions—as the good book says, there are many. Pointing to a group of men and women who seemed anxious and discontented, and who were separated from the others by great doors, the guard said, "Those are from Prince Edward Island, and if we don't keep them shut up they will go back home."

Just a word about the new trade treaty. The potato growers of Prince Edward Island will, I believe, fully appreciate the great benefit to be derived from the Canada-United States trade agreement, which came into effect this year. The trade treaties of 1935 and 1938 taken together mean a reduction in duty of 22½ cents a bushel on 1,500,000 bushels of seed potatoes, and 1,000,000 bushels of table stock potatoes, and a reduction of 6¼ cents a bushel on all turnips shipped from Canada to the United States. On the potatoes this amounts to a saving in duty of $562,500. On turnips the duty annually saved depends on the quantity shipped, but a modest estimate would be about 2,500,000 bushels. The saving on this quantity would be $156,250, or a total on potatoes and turnips of $718,750. From these figures Prince Edward Island stands to profit to the extent of 80 per cent of the seed shipped and 50 per cent of the table stock and the turnips, or about $475,000. This benefit is realised through a better market outlet for our potatoes and turnips. As hon. members know, Prince Edward Island is about 85 per cent agricultural, and since our potatoes and turnips are a cash crop they make funds available in the months of October and November when the farmers have bills to pay.

We should appreciate it if the West Indies trade treaty, which I believe is to be considered again this year, could be arranged so as to provide for potatoes an outlet to Cuba such as we enjoyed in the years before 1930. That market was a great boon to the maritime provinces. I well remember that Prince Edward Island in 1926 exported over 2,000,000 bushels of potatoes to that market alone. Hon. members will realise what this would mean to the railways, shipping companies and longshoremen, to say nothing of the benefit to the farmers.

I would mention also the benefit derived from the reduction in the duty on fish, cattle, lumber and fox pelts, the latter of which are raised in large quantities in our province. I attended a fox pelt show last month, and at the banquet the chairman asked me to thank the Minister of Finance for his action in sending Mr. Forbes to England to help this industry. What we need is trade and more trade. I agree with the Prime Minister (Mr. Mackenzie King) in what he has said on many occasions, that we are willing to trade with any country which is willing to trade with us on a fair basis.

In December last a heavy storm swept the north shore of Prince Edward Island, doing much damage to wharves and breakwaters, and also carrying away or destroying a large quantity of the fishermen's property. I believe that the government has agreed to reimburse the fishermen for this loss, which action they will appreciate, as they did the assistance given through the fishermen's loan board last year. This government has dealt generously with our province in the way of public works and relief projects. An up-to-date airport was undertaken last fall, thanks to the Minister of Transport (Mr. Howe), in cooperation with the provincial government and the city, and I am in hopes that it will be completed this year. Our new national park and Wood island ferry, when completed, will be an added attraction to the tourist trade. In the 1938 season 21,615 cars were ferried to and from the mainland, compared with 18,935 in 1937, or an increase of 2,680. This shows that the tourist trade is improving from year to year.

Our province, together with Nova Scotia and New Brunswick, has given many of our best men to other parts of Canada, especially to the great west, and not the least among these is our friend the hon. member for Brandon. I was pleased the other day to hear the hon. member for Royal (Mr. Brooks) remind the house that Canada does not begin at Montreal, and while I may not agree with him on all matters I was glad to hear that, because I believe that no educational tour in Canada is complete without a visit to the maritime provinces.

Our people are looking forward to the visit of Their Majesties King George VI and Queen Elizabeth this summer. Nowhere in Canada will their majesties receive a more loyal welcome than in Prince Edward Island and especially in the city of Charlottetown, the cradle of confederation.

Mr. J. A. GLEN (Marquette): I noticed the other day that one of the most highly respected members of this house made mention of the fact that he was tired of the continuous praise being given to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. While I have some degree

of sympathy with that remark, yet I must take the opportunity of saying a few words of commendation of both the mover and the seconder. I was one of those who assisted in bringing about the return to this house of a Liberal from Brandon. During the course of that campaign I had many opportunities of knowing the kind of man the hon. member for Brandon is, and I know that he fulfilled well a difficult task. I know that the constituency of Brandon expects much of him, and I am sure they will not be disappointed by the manner in which he moved the address. As for the seconder of the address, I confess that my feeling towards him is one of envy. When I heard the faultless English of part of his speech, and was told afterwards by those competent to judge that his French was equally faultless, I could not help regretting that out of a somewhat busy life I had not taken time to acquire at least a working knowledge of French. I must add that the ideas so beautifully expressed in both languages by the hon. member agree with my own, and I predict for him a larger field of activity in the public life of Canada at no distant date.

The leader of the opposition (Mr. Manion), in the course of his three hour speech, jumped into the fray like the debonair Irishman that he is. He saw an opportunity to join in a free-for-all fight, and he advanced his foot, twisted his shillelah and was proposing to crack any crown that appeared on the opposing side. Unfortunately for him he invited a duel with a brawny highlandman in the person of the leader of the government. It was daring in the extreme, for this opponent is a man in the very zenith of his powers, a veteran of many wars, yet unscarred, formidable in peace and much more so in war; so that the result of that contest was no surprise, more especially when we remember that his opponent came back to this house at the opening of this session with his following intact, and in fact larger than after the big battle of 1935 fought on Protectionist Mountain. There were sad hearts that night on parliament hill when the leader of the Tories was routed, all his armaments exposed and found wanting, having to retire to his tent with his head bowed and bloody, while his opponent received one of the most spontaneous demonstrations of loyalty and affection from his supporters.

What was the theme which the leader of the opposition set before his followers and which they have religiously followed ever since? Even to-night the hon. member for Lincoln (Mr. Lockhart) followed the same theme, which was that there is disunity in the Liberal party. I can understand the glee of political opponents who see dissension in the ranks of their opponents, to foster which dissension is only political strategy. Dissension may weaken—but I cannot understand why anyone should assume, so far as this house is concerned, that there is any dissension in the Liberal ranks here. Surely the country and the House of Commons know of a certainty that there is no disaffection here any more than there always will be in the Liberal party. It contains, as it always has, men who are somewhat rebellious in nature, men who are hasty and impatient. But I think everyone will agree that the Liberal party is broad enough and wide enough to carry all the rebels. Despite these differences, I think I can say with a great deal of confidence that the supporters of the government are convinced that only in Liberalism, in the broad sense of that word, can that measure of peace and prosperity be obtained which we all so ardently desire.

I recall that in the Brandon by-election, the first election held in Manitoba since 1935, the then Liberal candidate, the present Liberal member, and I with him, on many platforms from which I spoke on his behalf, dealt extensively and exclusively with the record of this government. We rested our arguments upon its achievements. We did not deal with the Canada-United States agreement or the Canada-United Kingdom agreement, which were then about to be completed, although we might well have done so, in the certain knowledge that any agreement with other countries which would take away some or any of the barriers of trade would be bound to have beneficial effects, so far as the economic life of Manitoba is concerned.

The leader of the opposition was in Brandon, and, if I may say so without offence, his speech there was very helpful to us. He did not attack the government on its trade policy. I do not think he would have dared to do so, if he expected to win the seat. What the result was, the country knows. I will say, with due appreciation of all that took place in the contest, that the voice of Manitoba was heard in the constituency of Brandon, and that Manitoba has full and entire confidence in the government now in office. They confidently rely upon it to follow the policies it has pursued since 1935.

That election was won without the aid of that $50,000 which the hon. member for Rosetown-Biggar (Mr. Coldwell) said the Minister of Agriculture (Mr. Gardiner) would spend to win the seat. I should like to think that the hon. member's remark was made in the heat of an election, when statements are made in moments of excitement, and regretted as soon

as made. But I have been told that during the campaign the statement was repeated, and for that reason I am bound to think the hon. member must have believed what he said.

Mr. COLDWELL: I did.

Mr. GLEN: All his remark did was to evoke the keenest resentment throughout the whole constituency, and I can tell the hon. member now it would have been better left unsaid. I do not believe there is a constituency in the whole of Canada with a higher sense of public morality than the constituency of Brandon. And to link the name of the Minister of Agriculture with that canard, or one such as that, was a procedure viewed by the Brandon constituents as a gratuitous insult. I have not lost my respect for the hon. member; I know he can make a good argument, but I do suggest he might have made one better than the one I have just indicated.

To come to a wider field; it is evident that the whole stock-in-trade of the Tories in an early election will be, not the platform they recently formed and to which they seldom refer, but the need of leadership in public affairs. Most of this cry—not all—comes largely from what is now generally called the eastern interests, and in particular that organ known as the *Financial Post* has become its most notorious exponent. Would I be wrong if I were to call that paper a Tory organ? I have been reading the issue of January 28, and if it is not a Tory paper—well, I do not know what a Tory is.

In that paper they headline this cry for leadership, and they refer with considerable unction to statements of prominent gentlemen. First they instance the hon. member for Dufferin-Simcoe (Mr. Rowe), and his speech which was delivered in the house on Thursday, January 19. Of course the hon. member was singled out because he paid the paper the compliment of quoting from one of its editorials. Then the president of the Manufacturers Life Insurance Company speaks his piece, to be followed by the president of the North American Life Assurance Company. Then the editor of the *Globe and Mail* is quoted with approval and, to keep the pot boiling, Mr. Howard Ferguson, speaking as president of the Crown Life Insurance Company, dots the I's and crosses the T's of those other gentlemen. Last of all, Mr. Charles S. Macdonald of the Confederation Life Association is mentioned. Hon. members will notice that almost wholly it is the insurance companies which are represented in the article. May I observe that this is an outstanding example of that form of selfish thought which makes large companies anathema to the general public. No greater disservice to the life insurance business could have been given than by giving prominence to the statements of these gentlemen.

If any unit of business in Canada should be grateful to the government, surely it must be the life insurance business. In season and out of season this government has steadfastly refused and set its face against any process of inflation. Every hon. member knows that had a process of inflation come about in Canada, the first casualty would have been the life insurance companies, with all that that would mean to the vast body of men and women who have invested in life insurance.

It is plainly evident that Mr. McCullagh is one of those who has the solution right to hand. The *Financial Post* quotes Mr. McCullagh in its issue of January 28, and I shall place the quotation on *Hansard*:

> We do not need great brilliancy in the administration of public affairs. We require rugged honesty, clear purpose, tireless energy and unswerving loyalty to principles which we, citizens of average intelligence, can appraise fairly.
>
> If we want to see the government we have we have only to look into any mirror, for government is a reflection of ourselves. If we awaken and lead, our politicians must follow and we shall have honesty instead of expediency, action rather than procrastination.

What does that mean? To my mind, if it means anything it means that this body of men and women in this house, representing all sections of Canada, are lacking in those qualities of "rugged honesty, clear purpose, tireless energy and unswerving loyalty to the principles which we as citizens of average intelligence can appraise fairly." One can speak with any degree of certainty only from one's own observations. My observations lead me to believe that in this parliament are to be found men and women who have just those qualities of mind and heart which Mr. McCullagh refers to in his statement. I would say that in many instances their intelligence will rate just as high as the intelligence of the editor of the *Globe and Mail*. I think that gentleman should cultivate a sense of humour. He treats himself altogether too seriously. I only hope that none of us here will lose our perspective because of what has been said by this juvenile mind.

To be fair to these gentlemen, I assume that when they were making these statements they were referring to the differences that have occurred in provincial and dominion fields. I say, however, to them: Have you forgotten that a commission has been appointed for the

purpose of finding out the facts upon which legislation can be based? Do they not know that the Rowell commission was appointed for that very purpose? I assume that the leading life insurance companies submitted briefs to that commission. I do hope that in those briefs their views were from the Canadian standpoint, and not wholly from what I would call the eastern standpoint. I hope that they took cognizance of the problems of the citizens of Nova Scotia, New Brunswick and Prince Edward Island, I hope that they noted the conditions that obtain in Ontario and Quebec. I hope that in their leisure moments they gave passing thought to those of us who live on the prairies, and that they went on to consider British Columbia and the Yukon.

Just as an illustration of the difference of thought, I ask the house to take note of the viewpoint of men who come from the prairies. I attended the marketing conference called in Manitoba last month by Premier Bracken. While there I had the pleasure of listening to the Hon. Mr. Taggart, Minister of Agriculture of Saskatchewan. In making his address Mr. Taggart stressed most emphatically that any scheme for dealing with our problem by way of a reduction of grain acreage, any suggestion to go more largely into dairy production, must be taken only after due regard had been given to the eastern dairy producer. He contended that any scheme which was formulated must recognize the fact that no industry in one section of the country should be encouraged to the detriment of the same industry in another section. That was the spirit of the west as it was acclaimed at that meeting. That is altogether different from the spirit manifested in the statements made by these men prominent in the insurance world. I suggest that this should be the attitude of those gentlemen and others similarly minded.

That brings me to this: Do they actually believe that this government is composed of fools; that it would legislate without knowing the facts? For what purpose other than the finding of facts was the Rowell commission apopinted? Nothing that this government has done will have a greater effect upon the economic, and, if you like, upon the political life of this dominion than the report of that commission. Instead of seeking political advantage for their party, it should behoove them to exercise a little patience and restraint.

Mr. WALSH: Can the hon. gentleman suggest when that report may be anticipated?

Mr. GLEN: That question should not be addressed to me. I should like to have it now and I hope we have it soon. Whither are these gentlemen headed? Mr. McCullagh is now lecturing us over the radio? I realize it is dangerous to prophesy with regard to anyone, and it is particularly dangerous to prophesy about him. If his addresses mean anything, he is about to suggest a business government or, as he would call it, a union government in which he and his confreres would take a leading part. We had experience with a Union government in this country, and they had experience with a Business government in Britain. I do not think I am exaggerating when I say that the experience of both these countries was not any too good. I suppose if these gentlemen had the power they would settle our railroad problem as Mr. McCullagh seems to desire, by amalgamating both railways into one system. I want to say that the continued expression of such views on government as have been expressed in the *Financial Post* do not tend to allay the fears of western Canada. They tend to create panic and dismay.

I would direct the attention of these Canadians to the viewpoint of others who are in opposition. The hon. member for Weyburn (Mr. Douglas) was evidently instructed to lay down the platform of the Cooperative Commonwealth Federation when he spoke on January 24, as reported on pages 275 and following of *Hansard*. The president of the Confederation Life spoke of the burden of taxation on private industry and referred to how it discouraged private industry. What does he think of the program of the Cooperative Commonwealth Federation? The hon. member for Weyburn had submitted the proposals advocated by that group. Out of curiosity I began to wonder what it would cost to put all these into operation. Perhaps at some later date the hon. member will amplify his remarks and give an estimate of the cost. I submit that the question of cost must enter into the consideration of these proposals. One of the proposals suggested by the hon. member, as reported on page 275 of *Hansard*, was:

1. The Cooperative Commonwealth Federation have asked for fixed guaranteed prices to the primary producers under a properly planned marketing system.

I suppose when the hon. member refers to the primary producers he includes the farmers, the fishermen, the miners and the lumbermen. The hon. gentleman does not state whether prices are to be fixed for the products of all these industries, or whether the fixed price is to apply only to the farmer. He does not state at what level the prices are to be fixed or the extent to which the

government will be called upon to pay subsidies to the various groups. The gross value of agricultural production in Canada for 1937, the latest year for which the dominion bureau of statistics has published figures, is $1,051,698,000. If the government had subsidized our farmers to the extent that they received ten per cent more gross return on their farm production, it would have cost about $100,000,000 in 1937.

Then the hon. member states his second suggestion:

2. Members of the Cooperative Commonwealth Federation consistently advocated a crop insurance scheme which would enable farmers to manage in those years in which, through no fault of their own, they are deprived of a crop.

Insurance on a purely actuarial basis would mean that the farmers themselves would contribute the premiums necessary to provide for benefits during years of crop failure. Merely to provide the administrative machinery for such a scheme would not cost much, but the hon. member does not state whether it is contemplated that the government should make any contribution to the insurance fund out of which benefits would be paid, and consequently no estimate can be given of the cost.

Next he gives this suggestion:

3. The Cooperative Commonwealth Federation group have advocated consistently a work and wages program which would utilize the unemployed in the city and farmers of the drought stricken areas.

That proposal surely needs amplification. It might be noted that in their annual review of the unemployment situation the dominion bureau of statistics bulletin shows that the average number of wage-earners unemployed in the first eleven months of 1938 was 401,000. Merely as an indication of the size of the problem, it might be noted that to supply 401,000 workers with incomes of $1,000 each a year would cost $401,000,000. His next suggestion is:

4. Members of the Cooperative Commonwealth Federation have advocated the lowering of the age for old age pensions and increasing the amount of the pension.

The hon. member mentioned in his speech the age of sixty-five. It is estimated that the additional cost to the dominion for the fiscal year 1939-40 through lowering the pensionable age to sixty-five would be between $18,000,000 and $19,000,000. The next proposal is:

5. Members of this group have consistently advocated an unemployment insurance scheme.

What does that mean?

Mr. HEAPS: So has the government.

Mr. GLEN: Just a minute. What does that mean? Does the hon. member suggest insurance on an actuarial basis, with workers and employers together contributing the full amount of the premiums necessary so that it would cost the government nothing other than administrative expenses? Generally such schemes contemplate some government contribution, but in the absence of any specific suggestions with respect to government contributions to such a scheme, any estimate of cost is impossible. For the benefit of the hon. member for Winnipeg North (Mr. Heaps), I may say that I am giving some indication of the cost of these various schemes.

Proposals Nos. 6 and 7 speak of federal grants to education and national scholarships, and the cooperative handling of farm machinery. I do not know what the hon. member means by that; he has not explained it.

Then in No. 8 he speaks of a comprehensive scheme of slum clearance, as advocated by the hon. member for Vancouver North (Mr. MacNeil); and in No. 9, of an extension of the principle of the Farmers' Creditors Arrangement Act. Then No. 10 states:

10. Members of this group have suggested that such a program could be financed without increasing the burden of taxation which now rests too heavily upon the people least able to bear it, not by an eight per cent sales tax to which we are violently opposed, but by (a) an increased income tax in the higher brackets; (b) a surplus profits tax, and (c) by deriving revenues from some of the great monopolies such as the tobacco industry, the meat packing industry, and the gasoline industry.

It is interesting to note that the total amount of income tax collected from individuals and corporations in the fiscal year ended March 31, 1938, was about $120,000,000. Even doubling income tax rates all across the board would not have produced more than $120,000,000 for these proposals, which is a small amount as compared with the proposed additional cost.

Mr. COLDWELL: May I ask what the hon. member proposes to do about these problems?

Mr. GLEN: I stated at the beginning that I was dealing with the proposals and the platform of the Cooperative Commonwealth Federation, and I am asking for their explanation of their own platform. I am not sure they can give it, but I shall be very glad to hear it if they would.

Mr. COLDWELL: I think the hon. gentleman has heard the explanation of these proposals in the house from time to time.

Mr. WALSH: May I ask the hon. member a question?

Mr. DEPUTY SPEAKER: Order. The hon. member may ask a question only with the permission of the hon. gentleman who has the floor.

Mr. GLEN: What is the question?

Mr. WALSH: I would ask the hon. member if he subscribes to any one or to all of the suggestions he has just read.

Mr. GLEN: My viewpoint is very well known, but I am dealing now with the platform of the Cooperative Commonwealth Federation, and asking the members of that party to explain their program as they have laid it down.

The total cost of these proposals cannot be computed, of course, because a great many of them would be estimates only; but I think I am within the mark in saying that at least $500,000,000 more would have to be ingathered by the Minister of Finance (Mr. Dunning) in order to meet these proposals; and if the revenue of to-day is not great enough to carry the country's expenditures, what possible hope is there that these things can be carried out by the government of the day?

Mr. POOLE: Could these proposals not be financed by the method suggested by the Minister of National Defence (Mr. Mackenzie) in Vancouver, by the issuance of $500,000,000 in currency?

Mr. EULER: You could not do that every year, could you?

Mr. GLEN: Unless the hon. member for Weyburn (Mr. Douglas) obtains the fountain pen of Mr. Aberhart in order to create the money, I do not know where it is to come from.

Mr. COLDWELL: The pen of the Minister of National Defence, or the Prime Minister's.

Mr. GLEN: I find one very serious omission, Mr. Speaker, in this program of the Cooperative Commonwealth Federation. I do not find in it anything with regard to the socialization of land. I know that is rather a delicate question so far as the Cooperative Commonwealth Federation are concerned, but with such high minds and pure motives they will surely let the country know, as it is entitled to know, definitely and concretely, where the Cooperative Commonwealth Federation do stand on the question of the socialization of land.

Mr. COLDWELL: If the hon. gentleman wants an answer, I shall give it to him. We do not believe in the socialization of land because it is not a monopoly.

Mr. BOTHWELL: When did you strike it out of your platform?

[Mr. Walsh.]

Mr. COLDWELL: It never was in.

Mr. GLEN: I understand that the leader of the Cooperative Commonwealth Federation would call himself a socialist. I do not think he would deny that, and as I understand socialism one of the fundamental and integral parts of the program of socialism is the socialization of land. It has been said that there are only two sources of wealth, land and labour, and some would add capital; but I know this, that from the land all things come and to the land all things must go. I have asked on the platform in the Brandon by-election, and on many platforms in Manitoba, for the reason why the socialist party in this House of Commons have not in their platform the socialization of land.

Mr. COLDWELL: I have answered the question now.

Mr. GLEN: Is it because there is a disunity of thought within the Cooperative Commonwealth Federation party?

Mr. COLDWELL: No.

Mr. GLEN: I do recall this, that when the platform of the Cooperative Commonwealth Federation was being drawn at Regina, the hon. member for Grey-Bruce (Miss Macphail) was present with her delegates from Ontario; and it is commonly said and alleged that when the question of the socialization of land was being proposed to be incorporated in the platform, she indicated that if it was incorporated she would retire with the delegation from Ontario. I know that in other and subsequent conferences of the Cooperative Commonwealth Federation the same proposition has been put forward and they took the excuse, as given a moment ago by the hon. member for Rosetown-Biggar (Mr. Coldwell), that because it was not a monopoly they did not include it in their platform.

Mr. COLDWELL: Not an excuse—the reason.

Mr. GLEN: May I suggest this, that there is so much disunity within the Cooperative Commonwealth Federation party with regard to this particular question, that from the political standpoint they dare not put it there or they would lose the votes of the farmers.

Mr. COLDWELL: May I ask the hon. member a question? Does he not think it inadvisable— .

Some hon. MEMBERS: Order.

Mr. DEPUTY SPEAKER: I cannot allow this unless the hon. member who is now speaking gives permission.

Mr. GLEN: I suggested when I first began to deal with this question of the Cooperative Commonwealth Federation platform that the house and the country are surely entitled to a concrete statement of the planks of the platform as laid down by the hon. member for Weyburn. I think we shall welcome it and give him all the courtesy that he would desire.

I was pleased indeed to hear the speech of the Minister of Trade and Commerce (Mr. Euler) the other day. I was so anxious to hear him that, thinking I might miss some of his words on this side of the house, I decided I would sit with the rump and listen to him there. During the course of his speech I said to my deskmate, "Who is making this speech? Is it the Minister of Trade and Commerce, or is it the hon. member for Marquette?" My reason for saying so was that the viewpoint he was expressing was the one I have long held; and as I listened to him my rapture grew and grew until I could almost have gone across and embraced him. And the reason was this: I recalled many times that hon. members on the other side of the house, when the Minister of Trade and Commerce was speaking have twitted him with being a protectionist. He has always denied that; and during the course of his speech there was an ominous silence on the benches opposite, because not one of them made any suggestion that the minister was a protectionist. As I say, I could myself have made that speech, not so happily phrased, however, as the minister did, and I feel sure that he must have felt a wave of sympathy coming to him during the making of that speech. I have always known that he is what is commonly called a realist, but I have not demeaned his intelligence by refusing to believe that he knows that the only way to trade is by trading. That, as I have always understood it, is a fundamental doctrine of Liberalism, and this government is pursuing that path much to the chagrin of its opponents.

The speech from the throne has forecast legislation which, I think, is in accordance with true Liberal principles. I do not for a moment believe that it is the end of their program; it is only the beginning of that era of reform which we looked for and which we are now experiencing from this government.

For that reason, Mr. Speaker, I am going to support the motion as moved and vote against both amendments. When I read over the amendment of the hon. member for Winnipeg North Centre (Mr. Woodsworth) I wondered with whom he had been in communion, and I could only imagine that the close association he had had with the social credit group has imbued him with some notions which, perhaps, they hold, because I can believe that amendment could quite well have been framed by my hon. friend the leader of the social credit party (Mr. Blackmore) who is now in his seat. I propose to support the motion.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, the hon. member for Marquette (Mr. Glen) will not expect me to follow him in the line he has taken in this debate. Many words of congratulation have already been extended to those who moved and seconded the address in reply to the speech from the throne. Even so, I desire also to offer a word of congratulation to those two hon. gentlemen upon the admirable way in which they performed that task. We from the province of Manitoba are particularly pleased that our contingent has been increased by one and that he should have been selected to move the address in reply to the speech from the throne—which he did in a very capable manner at the opening of this debate. As the hon. member for Marquette (Mr. Glen), has already pointed out, the result of the by-election in Manitoba was the return of one more Liberal member from that province, making Manitoba solidly Liberal except for two constituencies in the city of Winnipeg. I believe, along with the hon. member for Marquette, that the voice of Brandon on that occasion was the voice of western Canada in its general attitude towards the present government.

May I also extend a word of congratulation to my hon. friend the leader of the opposition (Mr. Manion) upon his re-entry into this chamber. We are glad that he has returned. We hope that he will be long spared to enjoy good health and to occupy his present seat in this house.

I desire along with other hon. members to extend my congratulations to the two very worthy gentlemen who have recently been promoted to cabinet positions. We are delighted that they have been selected, and we wish them well.

I desire to express my pleasure at the coming visit to Canada of the king and queen. This visit should further strengthen that little thread of human sentiment and bind more closely together than anything else can the far-flung sections of the British commonwealth of nations.

We are also pleased that this country had the privilege of enjoying a visit during the past summer from the President of the United States. This is a further indication, very dear

to us, of the friendship and good relations that exist between these two countries lying side by side.

Nor can I fail at this time to express my gratitude to the Prime Minister of Great Britain for his heroic efforts to save the world from a major catastrophe last fall. I have no hesitation in saying that I could not see any particular pleasure in the prospect of being called to Ottawa last fall to take a stand as to what Canada should or should not do in the event of war breaking out, as seemed hourly possible at that time. Many of us down in the depths of our hearts cannot fail to feel our appreciation and to realize that a responsibility was taken off our shoulders in the performance of a task which we might easily have been called upon to undertake.

The speech from the throne offers an opportunity for members to express themselves on a wide range of matters and to tell of conditions in their various constituencies. So far the criticism of the government has not been too severe; and even what criticism there has been, has been effectively answered by others, including cabinet ministers, who have taken part in this debate. The government is human, and, of course, it may not be perfect. Even so, during its term of office I think it must be admitted that it has done pretty well; and I believe that when its record is calmly considered, it will compare favourably with that of any government in the past. It has a great many achievements to its credit.

Even in this vexed matter of tariff reductions, which we from the west have done our best to urge upon the government, it has not done too badly. We should have liked to see it go further and we hope that it will. Nevertheless it must be admitted that we have had a more far-reaching tariff reduction since this government has been in office than has ever taken place in the history of any one parliament heretofore. This has been accomplished, first, through the trade agreement with the United States, and now we are to have another reduction in the further trade agreements between Great Britain, the United States and Canada. These reductions should mean much to Canada. They should extend her trading opportunities and give the primary producers of this country an opportunity to secure their goods at a more reasonable cost, or at any rate at competitive cost.

The record of the government is also commendable in other ways. A good deal has been said about the finances of the dominion and what the government has been doing in that regard. It is only fair to point out that through the government's policy of refunding maturities we have experienced a creditable reduction in interest rates. The figure given me is a reduction of 29 per cent in interest rates on dominion government borrowings. We do not hear our hon. friends opposite saying very much about that. That can be looked upon as a most commendable achievement. One thing further can be said in connection with our trade agreements. The new agreement which is to be introduced shortly extends to other countries with which we have trade agreements the most-favoured nation clause, so that in that respect we shall secure a further tariff reduction which does not appear on the surface of the agreement with which we are to deal. On top of that, the consumers of the country will be interested in the fact that the three per cent excise tax will be eliminated. All this should be of particular interest to Canadian consumers.

I must say, however, that I am a little disappointed as regards the encouragement which the government attempted to give to the building trade. My observations lead me to believe that so far as the home improvement scheme is concerned, it has accomplished fairly satisfactory results; but I am bound to say that as regards the housing schemes in rural sections I have to express some disappointment. I had occasion to attempt to assist some people in getting accommodations from this source; but they happened to be living in rural areas and I am afraid I shall have to say that the approved lending institutions did not offer the service which the government expected them to give. Perhaps we can assist in having something more done in that regard another year, because I believe that the building industry would be one of the greatest instruments in the hands of the government and of the country to utilize more people and to create greater employment.

A good many people complain about and continue to bring forward the problem of unemployment. They criticize the administration of relief. Viewing the matter from the standpoint of Manitoba, I do not think we have so much to complain about. True, we have a relief problem, largely in our cities; but I do not think anyone has suffered for want of food, clothing or shelter in that province, and I doubt whether that has happened anywhere in the whole dominion where people got into touch with the proper authorities responsible for handling relief. Even with all these things, I am bound to say that we are still, even in western Canada, enjoying a reasonable standard of living.

I have further remarks to make, Mr. Speaker, but with your permission and with

the consent of the house I should like to break off at this point. If I may do so, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.50 p.m.

Wednesday, February 1, 1939

The house met at three o'clock.

GOVERNMENT VESSELS

PETITION OF OFFICERS IN PACIFIC COAST SERVICES RESPECTING PROVISION FOR SUPERANNUATION

Mr. A. W. NEILL (Comox-Alberni): I desire to present a petition signed by H. R. Boulton and 121 other officers, chief petty officers and petty officers of the vessels of the various branches of the dominion government service on the Pacific coast. The preamble states that these officers desire to express their loyalty to the service, and their desire to continue in it, but that they are handicapped by the conditions of their service which force them to maintain two homes. This makes it impossible for them to make provision for superannuation. They point out that the service would be greatly improved if men were encouraged by such a system to join the service and make it a permanent life job. The preamble reads:

Wherefore, your petitioners humbly pray that your honourable house may be pleased to pass legislation allowing us to come under the Superannuation Act.

PRIVILEGE—MR. MACNEIL

BREN MACHINE GUN CONTRACT AND NOTICE OF MOTION FOR REFERENCE TO COMMITTEE

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I rise to a question of privilege. Standing order 16, citation 158, of Beauchesne's Parliamentary Rules and Forms reads:

In the commons, on the 12th April, 1733, and on the 1st June, 1780, it was resolved that it was a high infringement of the privilege of the house, a crime and misdemeanour, to assault, insult or menace any member of the house, in his coming or going from the house, or upon the account of his behaviour in parliament; or to endeavour to compel members to declare themselves in favour of or against any proposition then depending, or expected to be brought before the house.

Last evening I was informed by an hon. member of this house that he had been requested by an official with some responsibility to the house to advise me to this effect: that if I persisted in proceeding with the motion of which I have given notice to refer the Bren gun contract to the public accounts committee certain information relating to the administration of a veterans' organization in 1925 might be published in a manner that would cause me humiliation and reflect upon my personal honour. At the same time inquiries were directed to me by a number of hon. members and representatives of the press with regard to a report in circulation that I had withdrawn the notice of motion standing in my name. Under the authority I have quoted I therefore claim the right to exercise my privileges on two points.

1. The officers of the organization concerned and public servants in possession of the facts assure me that all the evidence relating to the matter referred to can be made available for such inquiry as may be deemed necessary. I would welcome and facilitate such inquiry even though I was not at the time responsible to the house and was upheld in my actions by the organization to which I was directly responsible.

2. In the performance of my duties as a member of the house, I will not submit to what I consider to be intimidation of this nature and regard it as a violation of my privileges and rights and a contravention of the rules and usages of parliament. I intend to proceed with my motion at the appropriate time and in accordance with the rules of this house.

Right Hon. W. L. MACKENZIE KING (Prime Minister): As the hon. member has made mention of an official of this house who it is alleged has made certain statements which the hon. member makes the ground for his citing of the rule of privilege, I wish he would give me the name of that official. As leader of the house I should like to know it.

With regard to proceeding with his resolution, I say to him that if he does not proceed with it the government will wish to. He may be quite assured that there will be no objection to proceeding with his resolution.

Mr. MacNEIL: I shall be very glad to place that information in the possession of the Prime Minister.

CANADA TEMPERANCE ACT

QUESTION OF RESPONSIBILITY FOR ENFORCEMENT ON MANITOULIN ISLAND

On the orders of the day:

Mr. THOMAS FARQUHAR (Algoma East): Mr. Speaker, I should like to ask the Minister of Justice (Mr. Lapointe) what is the stand of the government in regard to the enforcement of the Canada Temperance Act on Manitoulin Island, having regard to

the fact that the provincial government refuses to enforce it, claiming that it is a federal act and not part of the criminal code.

Right Hon. ERNEST LAPOINTE (Minister of Justice): The hon. gentleman kindly gave me notice of his question and I have prepared the following answer:

The provisions of the Canada Temperance Act, since its first enactment in 1878, have never been enforced by the dominion. On the contrary they have been enforced by provincial or local authorities until the present instance involving Manitoulin Island. Of course, it is not desirable that the dominion should intrude upon a field occupied by the province.

The Canada Temperance Act is not distinguishable from other public statutes of Canada, such as the criminal code, the Lord's Day Act and the Juvenile Delinquents Act, the enforcement of which is carried out by provincial or local authorities in virtue of section 92(14) of the British North America Act—administration of justice in the province.

Mr. Justice Street of the Queen's Bench division of the Supreme Court of Ontario stated in Regina v. Bush, 15 Ontario Reports, 398, at pages 403 and 404, in effect, that subject to certain limitations upon its scope section 92(14) has effect to confer upon the provincial legislatures the right to regulate and to provide for the whole machinery connected with the administration of justice in the provinces including the appointment, except judges, of all officers requisite for the proper administration of justice in its widest sense, reserving only the procedure in criminal matters.

Further, I do not think it can be denied that public order locally is, generally, maintained by provincial or local authorities.

With regard to the question as to whether or not the Canada Temperance Act is part of the criminal code, I think it is obvious that the said act is not part of the criminal code, but the prohibitions therein contained do, however, constitute criminal offences as indicated by Sir Montague E. Smith in delivering the judgment of the privy council in Russell v. The Queen, 7 Appeal Cases, 829. At page 835 he said:

> The effect of the act when brought into force in any county or town within the dominion is, describing it generally, to prohibit the sale of intoxicating liquors, except in wholesale quantities, or for certain specified purposes, to regulate the traffic in the excepted cases, and to make sales of liquors in violation of the prohibition and regulations contained in the act criminal offences, punishable by fine, and for the third or subsequent offence by imprisonment.

[Mr. Farquhar.]

In view of the above, my answer to the question submitted is that the responsibility for the enforcement of the Canada Temperance Act on Manitoulin Island does not rest upon the dominion.

I earnestly hope that ways will be found through cooperation within the limit of existing constitutional jurisdictions to cope with the situation described by the hon. member.

ANTHRAX

REPORTED INFECTION OF JAPANESE SHAVING BRUSHES—PROHIBITION OF IMPORTS

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I should like to direct a question to the Minister of National Revenue (Mr. Ilsley). The Toronto *Globe and Mail* this morning carries a front page headline and news column to the effect that the Ontario health authorities have discovered deadly anthrax germs in some eighteen Japanese imported brushes, about which I asked a question in the house last Thursday. The newspaper goes on to state that the Hon. Harold J. Kirby, Ontario minister of health, has requested the federal government to ban importation of the type of Japanese brush involved. Will the minister assure the house that the necessary steps are being taken properly and effectively to carry out this request?

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, I do not know anything about the newspaper story to which the hon. member has referred, and he has given me no notice of his question. I shall look into the matter, and if a further answer is necessary I shall gladly give it.

Hon. C. G. POWER (Minister of National Health): Mr. Speaker, perhaps I can answer the question, because it comes to some extent under the jurisdiction of the Department of Pensions and National Health. We received the news yesterday that some of the Japanese shaving brushes had been found to be infected by anthrax spores, and immediately an order in council was prepared—it is now before council and will in all probability be passed within a few days,—which will in future effectively exclude from this country any articles of that nature.

TARIFF BOARD

INQUIRY AS TO REPORT ON REFERENCE RESPECTING VEGETABLE OILS

On the orders of the day:

Mr. J. H. HARRIS (Danforth): Mr. Speaker, I should like to address a question to the Minister of Finance (Mr. Dunning) with

respect to an application that has been before the tariff board since December, 1936, a little over two years ago, with regard to the importation of vegetable oils. First, has the minister received any interim report on this subject from the tariff board? Second, does he expect to deal with the matter this year, and will he ask the tariff board for a final report on the subject? I quite understand that the matter is governed by statute and all that, but if the inquiry is not yet closed Canada would like to know whether or not it is approaching the closing point. It is now in its third year, and it has to do with an important matter involving considerations that are very disturbing to the interests of Canada.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I agree with my hon. friend as to the importance of the matter about which he inquires. I have no recollection of an interim report, and I cannot say positively when the final report will be received, but I am expecting it for consideration during this session of parliament.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Tuesday, January 31, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, last night before the house adjourned I was dealing briefly with a few matters of government policy, the results of which this country can well feel gratified. Many things which the government has done are most commendable. I fear, however, they have not been sufficiently proclaimed to the Canadian people. If the record of the government were better known, I am sure that what it has done would be more fully appreciated throughout Canada and much of the "blue ruin" talk we hear in this House of Commons would disappear like the mists before the rising sun.

I should now like to deal more particularly with the question of wheat marketing. I desire to say to the hon. member for Qu'Appelle (Mr. Perley) that I think he would be serving his province and western Canada better if he pursued a more reasoned policy. He knows, as does every member of the house, that out of our total membership of 245 only some fifty-five members come from the wheat-growing areas of western Canada. He knows further that when a final decision has to be made by the cabinet, out of the sixteen cabinet ministers only three of them, including the Prime Minister (Mr. Mackenzie King), come from the wheat-growing areas of western Canada. This number was increased recently to seventeen by the appointment to the cabinet of the hon. member for Edmonton West (Mr. MacKinnon). Therefore, Mr. Speaker, regardless of what party might be in power, that situation would not and could not be materially changed.

Some of my eastern friends are expressing concern over the possible loss to the government this year from the wheat-marketing policy now being pursued. I should like to emphasize two points in particular with regard to it. First, the farmers of western Canada are not getting 80 cents a bushel for their wheat. The price being paid is 80 cents a bushel for No. 1 northern wheat in store, Fort William or Port Arthur. From this must be deducted freight, elevator charges, and the spreads between the various grades. When these charges are deducted, the price to the farmer is much nearer 55 or 60 cents a bushel than it is to 80 cents a bushel. Then in Manitoba we produce a great deal of durum wheat, for which the government guaranteed price at Fort William is 70 cents, not 80 cents, a bushel. It, too, is subject to the same freight costs, grade spreads and elevator charges, so the price with respect to durum is less than it is for common wheat. Manitoba is also a large producer of coarse grains, on which there is no consideration whatever from the government.

Second, I should like to say to my eastern friends that the money paid out in this so-called bonus, in fact the whole amount received by the western farmer for his wheat, is not now in western Canada. What has been paid out by the government by way of bonus has gravitated right back here to eastern Canada: in fact it is doubtful if it ever got out to the west at all. It has come back to eastern Canada through the payment of freight costs; interest, both governmental and private; taxes; and lastly, but not least, in payments for goods produced in eastern Canada and shipped to the west. I do not desire to pursue this matter further.

I realize the arguments which our eastern friends are facing from day to day and the difficulty they are having in explaining why the western wheat producer should secure consideration which is not available to them. I have yet, however, to hear a single one of them say that the western wheat grower was getting too much for his wheat. It is only

fair to point out that western Canada over a period of years has suffered what in reality has been a national calamity. Over half the population has been deprived, on account of conditions totally beyond its control, of any earning power. Therefore the resources of that area have been largely depleted; the assets have been liquidated, and there has been nothing to carry the producers over a time of low prices. The people of eastern Canada, I think, fully realize this because they have come to the assistance of these unfortunate people in a splendid manner, and it has been greatly appreciated by our western farm people, business men and others who have had to accept outside help.

A word with respect to the application of the bonus. We in western Canada have a grading system which the people of eastern Canada do not have. Through that system it is comparatively easy to strike the basis upon which a bonus, if desirable, can be set. Secondly, we have also a grain elevator handling organization, complete throughout the western provinces, and through its machinery it is comparatively easy, without setting up any other organization, to distribute the bonus. We have a complete organization already set up. A similar system does not exist in eastern Canada.

I shall leave that matter for the time being, and proceed to another phase of the situation. The Minister of Agriculture (Mr. Gardiner), speaking a few days ago, placed on the record some figures relative to the change in the wheat acreage throughout the world. I desire to deal with the problem in a little different manner, putting it in this way: Our wheat problem has been brought about by a recession or a decline in the world's wheat trade. It is not that less wheat is being used, but that less wheat is going into world trade. At one time there was a world's trade in wheat amounting to upwards of 800,000,000 bushels a year; in one year, I believe, the figure reached almost 1,000,000,000 bushels. This has gradually dwindled down until in more recent years the figure has been about 540,000,000 bushels a year. This condition has been brought about by the nationalistic attitude of countries which were formerly large importers of Canadian wheat but who because of fear of war and other national considerations, desired to place themselves on a self-supporting basis in so far as food supplies are concerned. Until that fear is removed, and there is a greater appreciation of world trade, I fear that this country is going to continue to face a wheat problem and the effect on Canadian economy and particularly western Canada will be readily apparent.

We from western Canada adhere definitely to the principle that if we will buy goods from foreign countries, those countries will buy goods from us; and believing in that policy, we hold that every possible effort should be made by the government to extend the trading opportunities of this country in order to make a market for our natural products.

I do not like this idea of a government bonus. Western Canada, as a matter of principle, does not like it. Nor do I propose at this time to say anything with respect to the contribution that western Canada has made to eastern Canada through the policy of tariff protection, because I do not think such a discussion will help in meeting our present difficulties. I would point out, however, that should western Canada be forced to change its system of agriculture, eastern Canada will feel the effect on its agriculture in no uncertain way. We in western Canada can turn, if we have to, to other systems of agriculture. We can turn to dairy production, live stock production, poultry production, honey production, and several other lines; but in so doing we should immediately come into competition with eastern farmers, and then, instead of Canada having only a wheat problem on its hands, it would have a general agricultural problem as well. Western Canada is organized and has the machinery to produce wheat and other cereals. To do anything else it would have to change its entire set-up.

There was recently held in Winnipeg a wheat conference called by the government of Manitoba. It was attended by outstanding men from Canada and the United States, by representatives of boards of trade all across Canada, by grain men, by producers and, I think one can say, by all those who are interested primarily in western agriculture. It was made abundantly clear at this conference that western Canada's natural economy was that of growing wheat and that it would be most difficult to change very much even if it were desirable to do so. I should like to refer briefly to some of the results that came out of that conference. Following the conference, which lasted for almost a week, a committee was set up to continue the activities that had already been started by the conference. From a Winnipeg *Free Press* report I found this statement relative to the conference:

> The picture painted by the conference showed a shrinkage in world demand for wheat of some 2,000,000 bushels a year. The demand from Great Britain was down five per cent; that from Germany, France and Italy down seventy per cent; from other European countries down thirty-three per cent. Against this, world supplies had risen by 15,000,000 bushels annually. The result spelled low prices.

The chairman of the conference was the premier of the province. The press report of his statement in closing the conference was as follows:

Among the problems he (Mr. Bracken) mentioned were the search for markets, lowering of producers' costs, international exchange, interprovincial trade in seed grains, more aggressive merchandising, industrial uses of surplus agricultural products, study of the western debt structure, and if the only way out was to fight for a share of a smaller market—how best to arm themselves? A western problems research council was needed to correlate the work of research institutions.

I set out this press comment merely to indicate the approach which is likely to be made to this problem on behalf of those particularly concerned with it in western Canada.

Last December it was my privilege to attend in Toronto a meeting of the Canadian Chambers of Commerce. This meeting was called to discuss agricultural problems and nothing else. I am bound to interject here that among those who attended I did not hear a single voice raised in protest against what this government is doing this year for the western wheat grower. Instead, there was a general recognition of the problem and a desire to do something to meet it. In particular, this meeting was called to survey the possibilities, through scientific investigation, and otherwise, of creating new non-edible uses for agricultural products. The chairman of the meeting was a very close friend of mine, a former provincial minister of agriculture of Manitoba, Mr. D. G. McKenzie. One of the things pointed out at this meeting was that agriculture was served well in Canada by scientific men, and that a great deal had been accomplished in the interests of agriculture by our scientists and technical men To cite one example only, the production of new rust-resistant varieties of wheat is illustrative of one of the far-reaching things that have been accomplished. Hundreds of other illustrations could be given. It would seem, however, that so far the emphasis has been placed on the idea of making two blades of grass grow where formerly only one grew, with little attempt being made to invent new uses for agricultural products.

Another thing pointed out was that agriculture in this country was competing not only with the agriculture of other countries, but also with the scientists of other countries. Germany, for instance, is producing from milk casein a material that is a suitable substitute for wool. A large percentage of her clothing both ordinary and high-grade is now being produced from forest products. As illustrative of what industry can do for agriculture, I was fascinated by a statement made by Mr. Henry Ford at the chemurgic conference in 1935. He said he was using in his factory the following agricultural products: 60,000,000 pounds of cotton; 500,000 bushels of corn, 2,500,000 gallons of molasses; 3,200,000 pounds of wool; 1,500,000 square feet of leather; 350,000 pounds of mohair; and an almost unlimited supply of soya beans.

At Atchison, Kansas, extensive experiments have been carried on to find new non-edible uses for farm products. Already some encouraging results have been produced. From oats three products have been developed and are now sold in the United States:

1. From the kernel of the oat they have produced a product called "avenex," a fine oat flour with peculiar preserving qualities.

2. "Levena" a pleasing perfume. Over $200,000,000 annually is spent for cosmetics in the United States. If, therefore, part of our oat supply can be directed to that type of market its usefulness is readily apparent.

3. From the hull of oats a product called "furfural" has been produced. It is now recognized as a base chemical. The state of Missouri has found that by mixing it with a bituminous binder and with dirt there can be built a fairly satisfactory market road at a cost of around $2,500 a mile compared with $30,000 per mile for a concrete highway. The horse and mule population of the United States decreased between 1914 and 1924 by 10,000,000. One, therefore, can see the necessity of attempting to secure a substitute market for oats.

Alcohol is now successfully made from corn, sorghum, barley, rye, wheat and sweet potatoes. Gasoline carrying ten per cent of this type of alcohol is now being sold in 2,000 filling stations at prices competitive with gasoline. A plant at Atchison, Kansas, has a capacity to produce 10,000 gallons a day and uses 1,500,000 bushels of grain a year.

Dr. Hale of Washington, in his book Prosperity Beckons, writes in part as follows of the alcohol industry:

When this new industry—the alcohol industry—starting in this country in July of this year on a minute scale, with the first year's sales not to exceed $500,000, we can confidently predict the course of its progress. Within a few years there will be hundreds of agricrude alcohol plants under operation. Within ten years we should be closely approaching the 20 per cent alcohol blend for automobiles and an appreciable share of cellulose and other acetate markets. Perhaps $1,000,000,000 will not be out of the way in representing the alcohol industry in 1946. By 1956, just twenty years in the future, there is every reason to believe that this mighty industry will be producing fifty million gallons of agricrude alcohol at a selling price of between 15 and 20 cents per gallon with handsome profits. In all truth

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we await that day in all candor. Its accomplishments in 20 years will have overtopped the sum total of revenues gained by the automobile and petroleum industries together in 1929.

Again, in another place in his book, he says:

Our fermentation industries in supply of agricrude alcohol will require the cultivation of at least 100 million acres of land in 20 years.

This surely is a move in the right direction. In Great Britain and in some other countries they are requiring an alcohol blend in all gasoline used in motor cars. Germany is extracting gasoline from coal, and we know also something of what that country is doing to supplement the use of wheat flour. In the dairy industry, through the introduction of new bacteria and a new process of fermentation, the varieties of cheese offered for sale have been increased from four major varieties to fifty-eight, with a resultant increase in per capita consumption of around three pounds to five and a half pounds between 1920 and 1937.

Further, it is pointed out that complete houses are now being built from agricultural material. Plastics, wall board and paints are now being made from waste lumber, cornstalks, flax and hemp. One readily appreciates the importance of housing, and if the objective can be only partly attained through the use of agricultural materials, and particularly waste agricultural materials, it should result in new sources of revenue to our agricultural producers.

The story of Doctor George Washington Cavers, the negro lad born in slavery, is no doubt known to many. Through scientific research he is credited with making from the peanut three hundred useful articles, and from the sweet potato over one hundred articles.

In this type of work it is already estimated that $150,000,000 of private and public capital has been invested in what they call the chemurgic industries of the United States. Further, under the Agricultural Adjustment Act of last year there has been set aside $4,000,000 a year for the establishment in the United States of four regional research laboratories, the sole purpose of which is to develop new non-edible and industrial uses for farm products.

I am not citing this or advocating it as a solution of our wheat problem or even our agricultural problem; I put it forward as something to which this country might well be giving attention. The utilization of our waste farm products and many of the products that are already going into uses which they have not been going into in the past, may be one of the most far-reaching developments for the revival and revamping of agriculture in Canada.

Those who know our western agricultural set-up know it would be difficult to transform it very much. We are geared to the production of cereals, and any change would require a huge capital outlay and be difficult to bring about. Reduction of acreage is out of the question except in so far as it might apply to sub-marginal lands.

I therefore submit that a general scientific approach to the question of utilizing our agricultural products in industry and for non-edible purposes is worthy of consideration. Moreover it is essential that we continue to pay even greater attention to developments, scientific and otherwise, in other countries with which we compete agriculturally. Our research institutions should have every encouragement possible from this house and from the country as a whole to give heed to these problems.

If these agricultural problems with which this country is faced are not dealt with and every possible approach to their solution followed up, not only western agricultural economy but agriculture throughout the entire dominion will suffer. Western agriculture cannot hope to stand up under its present conditions and with prevailing prices, so if something is not done to relieve that situation I fear we may have a general break-down, resulting in a peasant type of farming which I am sure no one in this country wants to see. On the other hand, I am satisfied that western Canada, given a fair chance to sell in the markets of the world and a fair chance to buy in the same kind of markets in which we have to sell, given encouragement in the matter of research to find new uses for our agricultural products, and given rain and no grasshoppers, can once again become that great wealth-producing part of Canada which it has been in years gone by.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): My desire in the first place is to congratulate very warmly the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply. They have done exceptionally well, and every one of us is proud to have them with us. I must also extend my congratulations to the hon. leader of the opposition (Mr. Manion). I have been a member of this house since the session of 1925. At that time the leader of the Conservative party was the Right Hon. Arthur Meighen who is now in the senate. The Hon. Mr. Guthrie, who is now the head of the transport commission, was acting leader of the opposition in the session of 1927. Then, after

the unforgettable Winnipeg convention, the Right Hon. Mr. Bennett was chosen as the leader of the party. All these have come and gone, and now we have the fourth leader of the Conservative party. May I remind the house that the Hon. Mr. Hepburn some time ago paid him the same compliment that I did years ago to my revered leader. Mr. Hepburn said of Mr. Manion that he was human. So I hope, now that the leaders of both the major parties, and also the leaders of the Cooperative Commonwealth Federation and Social Credit groups, are all human beings, that the debate will proceed along normal lines.

An event of major importance is the coming to Canada of Their Majesties the King and Queen of Canada. It is the first time since the foundation of this country by old France that we have had a king and queen of Canada, and it is the first time also that they have come to Canada. Also on behalf of my constituents I give expression to our thanks to their majesties for having decided to stop at Rivière du Loup on their way home.

There is, sir, an event which has passed unnoticed to which the attention of the house must be drawn, one which has caused me the greatest surprise. In the Votes and Proceedings of Monday last we are informed of the resignation of the right hon. member for Calgary West, Mr. Bennett. The house cannot be the same without him. Not only did he add colour to the debates; he added magnificent technicolour. I feel his loss perhaps more than anybody else, because I was at odds with him more often than any other member of the house. Last year, on March 7, I spoke thus on the reported retirement of that gentleman from the party leadership:

> Mr. Speaker, as one who never agreed with the policies of the right hon. gentleman who has just spoken, I heartily join the house in extending to him my very best wishes for happiness, good health and a full enjoyment of life outside the house.

Now my good wishes are unconditional. But the very same day, just before I rose to speak, the right hon. gentleman, who remains right honourable in spite of the fact that he thought fit to resign as member for a constituency which had elected him for a full parliamentary term, said this in his concluding sentence:

> I can only say, Mr. Speaker, that I would like to thank the house for this manifestation of good will, which, perhaps, if it had been expressed in more strenuous times, might not have been necessary at all.

When I heard those words I was astonished. I thought that the right hon. gentleman did not have the good memory that he always appeared to have. For instance, on March 31, 1932, the Canadian Press sent out the following dispatch:

> Taschereau pays Bennett tribute.
> I wish (said Mr. Taschereau, the former prime minister of Quebec) to pay this tribute to the Bennett government: They have done all in their power to relieve unemployment. I might add, the provincial government has been equally active.

I feel that the right hon. gentleman, if he had been present, would have interjected, "Was not that Mr. Taschereau the one whom I proclaimed the greatest Tory in Canada at a public meeting of the Canadian Bar Association in Quebec? Then I would not have insisted further. But if I take the Canadian Who's Who for 1936-37 I read in the autobiography of the right hon. gentleman a tribute from the *Christian Science Monitor,* one from the London *Morning Post,* one from Toronto *Saturday Night* and another from *Maclean's* magazine. Mr. Bennett was highly praised by his followers in and outside this house, but not one of them is mentioned. But on page 79 I find this tribute:

> A sincere, hardworking Canadian citizen doing all that he can for his country.

That is signed by Hon. Charles A. Dunning. If Mr. Bennett were here, I would ask him, who is that Hon. Mr. Dunning? and without hesitation he would tell me to look at page 325 of the same book. I turn to that page and find this:

> —engaged in finance and business as president and managing director, and consultant of several large corporations.

But, Mr. Bennett would say, that is not all; read the epigraph:

> The highest type of public man, who enjoys the confidence of his countrymen.

That is signed by Sir Robert Borden. Then who is Sir Robert Borden? I can almost hear the right hon. gentleman telling me, "You have not read the book. Turn to page 103." When I turn to page 103 I see that the Right Hon. Sir Robert Borden was the war-time Prime Minister and the leader of the Conservative party, so I would not insist further. But if I read the Montreal *Gazette* of September 5, 1932, I find a Canadian Press dispatch which says:

> Apart from being a distinguished lawyer he is a true son of Canada.

This statement was made by the present Minister of Justice (Mr. Lapointe) at a bar association dinner in Banff in 1932 and referred to the right hon. gentleman of whom I have just spoken. But then the right hon. gentleman would reply, "Are French-Canadians cockneys? It would be just as easy to say that I am a true son of Canada." But

there is something more. Once in Montreal the first citizen of that great city stated that he had boundless admiration for the right hon. gentleman. That is not in Who's Who. Why? Perhaps the right hon. gentleman would interject at once, "Because none of my colleagues has ever said that he had boundless admiration for me." Therefore the right hon. gentleman would add that the last two gentlemen whom I mentioned were truly Liberals but that he could not use their quotations about himself.

There is one question that has been discussed very often in the press and by various speakers in this country; I refer to the question of democracy. Some time ago I read an article which appeared in the Montreal Daily *Herald,* dated December 5, headed, "Democracy a Failure? The Record Shames the Thought." It is a long article, but there is one very important thing missing from it. There is no definition of democracy. The editor circulated the following request:

Any comment you care to make regarding this editorial will be valued by the editor, The Montreal Daily *Herald.*

Then not long ago the Winnipeg *Tribune* republished an article which first appeared in the *Deutsche Zeitung,* a German paper, under the heading "The Great Lie. Democracies and Dictatorships." In this article, as well, neither democracies nor dictatorships are defined. Then a civil servant of great importance—although I do not believe in him at all —Mr. Dickson, deputy minister of labour, delivered a long lecture in which he said that strikes handicapped democracy, which is surely true. I did not have time to read the whole article. No less a gentleman than his worship the mayor of the metropolis of this country, according to the Montreal *Gazette* of January 16, said that democracy depends on politicians handing out jobs. To do that we must have the jobs to give. Then in the Montreal *Gazette* of January 23 Mr. Leo Dolan, chief of the Canadian Travel Bureau, is quoted as urging Canada and the United States to fight communism. No less a person than Sir Gerald Campbell, British high commissioner to Canada, according to a dispatch published on January 27, speaking in Toronto, called for—

—a united front of democracies, militant and armed, to work for peace against the threats of the dictatorship countries.

I should like to be permitted to read an article from the New York *Times* headed "Democracy must Cherish its Right of Laughter":

Man, as the saying goes, is the animal that laughs. The statement is not, of course, quite

accurate. The hyena laughs, as do certain birds, and the horse cannot always keep a straight face. However, man is doubtless the only animal who cannot live and keep sane without laughter. It is laughter that makes the behaviour of individuals and the absurdity of institutions bearable, and we need it because both individuals and institutions, to the end of time are bound to be more or less absurd on occasion.

These reflections are induced by some comments of Mr. David Low, the English cartoonist, published in the official organ of BBC —the British broadcasting agency. "Undoubtedly," says Mr. Low, "there is more that is inherently absurd in the world to-day than ever before, if only because of the greater contrast between man's vastly increased power and his use of it."

Ideas, if they are good ones, can stand being laughed at—so Mr. Low thinks. Christianity, the motor car and the income tax, he points out, all survived ridicule. Personalities are more vulnerable. The bigger the windbag the easier it is to poke holes in it.

"The leader who sets himself up as a god is," in Mr. Low's opinion, "asking for it." But does he get it? In countries now most supinely under a boss' thumb, where the healthy deflation of fly-blown personalities is most needed, it does not take place. American cartoonists have done wonders with Mr. Roosevelt's chin, but their Italian contemporaries, no matter how much their fingers tickle, dare not distort Il Duce's massive lower maxillary. Where now are those rude artists who in former times helped bring a sense of proportion into the political life of Germany? Even Mickey Mouse is suspect, and Donald Duck would be interned at sight.

One concludes that there is no right a democracy ought to cherish more tenaciously than the right to laugh at anything and anybody it thinks is funny. Mr. Low hints that this right may not be safe in England. One would mourn its loss there, or in France, far more than its loss in Germany. Territories may be lost, spheres of influence may be contracted, the road to India or Tunis may be threatened, but civilization can survive if a joke continues to be called a joke and is not disguised as a great man or a great idea. For, appalling as some of the world's "great men" and "great ideas" are, they are also funny.

It is tragic laughter that would ring around the world to-day if all mankind were free to look at its predicament in its proper light. But it would be healing laughter.

On January 6 the Canadian papers carried a dispatch to the effect that the Right Hon. R. B. Bennett had contended that the church has failed. The headline reads:

Cannot tell where and why, but states in practice philosophy of Christian faith little regarded.

Then the Most Reverend Doctor M. T. Harding, Archbishop of Rupert's Land, said prior to sailing for England, according to a dispatch dated January 13:

Despite the disfavour with which we may view his policies, especially that of persecution, there is no doubt that Hitler is to-day the world's greatest statesman. He has disciplined democracy, an achievement sorely needed in our own country.

Then on January 16 the press carried the following:

Government and Democracy Have Failed
Asserts Rt. Reverend Woodside

He agreed in a general way with the statement made recently by Right Honourable R. B. Bennett at Calgary to the effect that the church had failed.

"I am in general agreement with that. The church has failed to do and accomplish much that we may have desired," said the moderator. "That is not to minimize her great achievements. The man who made that statement knows of her great achievements. But he was right in the sense in which he spoke, that the church has failed."

According to the press the same reverend gentleman stated on January 23 as follows:

"We are not of those who think or say that democracy has failed or is doomed," said Right Reverend Doctor J. W. Woodside, Moderator of the United church in Canada, preaching a sermon Sunday evening in Chalmers church on, "After dictatorship, what?"

The reverend gentleman should be very careful when making a statement like that. An honourable member of the senate I think made a conclusive answer to the statements of the moderator and the Right Hon. R. B. Bennett. Senator J. J. Hughes is reported as follows:

If there are in the world at the present time, institutions which men founded and called churches, they may have failed or they may fail, and while the consequences might be serious they would not be fatal. But to say or to think that the church founded by God could fail shows such a misunderstanding of what Christianity means that the persons who so speak or think, while they may be good people and law abiding citizens cannot in reality be called christians.

That appeared on the editorial pages of the Ottawa *Journal* of January 23, and I think a copy should be pasted on the wall of every schoolroom. The Ottawa Evening *Citizen* of January 26 contained the full text of a speech made also in Chalmers church by the Hon. W. D. Herridge, former Canadian minister to Washington. The heading reads:

Addressing Chalmers church men's association on "the new democracy," the former Canadian minister to Washington asserts Canada stands in a position to-day to beat back the tide if leadership can be found to take advantage of the new concept of democracy. Dominion must put its house in order first, and then it could promote a world structure that would dismay aggressors.

No one attaches much importance to the sayings, statements or speeches of the Hon. Mr. Herridge. We know that he has spoken so often of the new order without saying what it is to be that when we hear the word "order" come from his lips we consider one pays no attention to it. The New York *Sun* contained an exceptionally good editorial from which I quote as follows:

True democracy may not be a religion but it must be religious or it is neither true nor a democracy. Democracy without religious emotion is a watch without a mainspring. A philosopher can doubtless imagine a world in which the two would be separable, but in the world that is they never have been separable. In proportion as men have tried to separate them they have found their democracies unworkable and their religions sterile. But there isn't anything new about this, even though the discovery seem new to some of the discoverers.

Principal Douglas of McGill university, speaking in Toronto on October 15, urged discipline in democracy in the following words:

It is a word which in itself is a paradox, for absolute freedom results in the destruction of freedom and it is only restrained freedom which can last. Thus, whichever definition one elects to take, it is a contradiction, for the destruction of freedom converts it into something wholly different, and restrained freedom is not freedom at all.

A brilliant journalist, Mr. Bernard K. Sandwell, editor of Toronto *Saturday Night,* spoke in a similar vein at a dinner of the professional institute, held in Ottawa on November 29, 1938. The report reads:

Mr. Sandwell, in his racy address on "Some misconceptions about democracy," exploded the notion held by some anarchists and communists that people can get along without rules and regulations. If rules and regulations were necessary for so simple an operation as a game of bridge, how can they be dispensed with in government—probably the most difficult of all tasks?

The hon. Minister of National Revenue (Mr. Ilsley) attended the annual gathering of the association of life insurance presidents, held in New York on December 1. He told the United States insurance heads that the nation was wedded to democratic ideals. The newspaper report reads in part:

"There is much demand that democracy be more efficient but none that democracy be curtailed and there is grumbling because parliament talks so much but no suggestion that parliament be muzzled," the speaker declared.

That quotation is from the Montreal *Gazette,* but in the New York *Times* of December 2, 1938, I find this:

Mr. Ilsley emphasized the point that Canadians are intensely saying: "in no country would a dictator have harder sledding."

He stressed the fact that Canadians are for law and order and asserted that the population of that country is divided along so many ways of thought that the leader of any cult of "ism" must expect prompt and intelligent criticism on a broad scale from the elements of the population to which he does not appeal.

A former member of the privy council at Westminster spoke in New York a few days after the Minister of National Revenue. After he spoke, I wrote to the minister and told him that he had paved the way to

Eden. On December 9, Mr. Anthony Eden made in New York city a most pathetic statement which I must read to the house. He said:

I belong, as do so many of you in this room to-night, to the war generation; to a generation which is sometimes referred to in my country as the missing generation. It is a generation which has, quite literally, been decimated. Almost every family has suffered, some have suffered severely and, as inevitably happens, we have lost our best. Yet perhaps the survivors of that generation have a special right to give their message to the world, to the vigorous, combative new world which is taking shape around us at this hour.

What was it that some twenty years ago we and you both fought to achieve? Men spoke of the war to end war, and, even if that seemed to some a goal beyond immediate human reach, we did have faith that the power of arrogant militarism would be destroyed, as we hoped, forever.

Twenty years after we can reflect ruefully how remote we are from the goal of our hopes.

Then he described democracy.

It is the essence of democracy that it provides constant schooling in this endless adventure which is the art of government. Democracy is a university in which we learn from one another. It can never be a barracks, where blind obedience is the first essential.

And then he states what he means by democracy:

Democracy must have the strength of the best tempered steel, not rigid, but supple. It must have the strength of the highest form of discipline—self-discipline.

Doctor R. C. Wallace, principal and vice-chancellor of Queen's university, Kingston, said in Montreal on December 13 last:

The big advantage of other types of government than the democratic was their ability to move speedily when quick decisions were required.

I would impress on you in this critical period the necessity we must place on ourselves of disciplining ourselves from within rather than submitting to discipline from without.

That was a paraphrase of Anthony Eden's remarks in New York. He also said that the safety of democracy rests with every individual citizen, who should thoroughly acquaint himself with local, provincial and national governments and take an interest in international matters. He was inspired by a speech made in New York on December 1 last by Doctor Clarence A. Dykstra, who declared that:

As democracy was losing out in other nations of the world, it might be necessary in the United States to have all educational forces marshalled together to give Americans an understanding of its principles and problems.

He spoke also of education and suggested a vast program of education, calling upon facilities of the press, schools, radio and the screen to fire people with ideals, and he asked if nationally America was invulnerable to dictator doctrine.

Then the Hon. Gordon Conant, attorney general of Ontario, said on December 2 last that drastic measures must be submitted to if the dictator states are not to overwhelm us with their form of government.

Then on Jan. 7 last the Right Hon. R. B. Bennett said in Edmonton that western Canada suffered from lack of discipline. The members of the house who were here at the time he was Prime Minister will remember that once, on the birthday of his then Minister of Railways and Canals, Mr. Bennett praised him for his spirit of discipline. Of course, the hon. gentleman who has now succeeded him as leader of the opposition cannot return the compliment at this time, but it is interesting to see that Mr. Bennett told the people who had supported him for so long that they were lacking in discipline.

To summarize, Principal Douglas of McGill spoke of "discipline in democracy." Mr. Sandwell advocated "rules and regulations of democracy." Principal Wallace of Queen's suggested that "we discipline ourselves." Mr. Anthony Eden said, "It—democracy—must have the strength of the highest form of discipline—self-discipline." Hon. Gordon Conant said, "Canada needs a stronger discipline." Mr. Bennett said "Western Canada suffers from a lack of discipline." The hon. Minister of National Revenue was the only one who touched the right note when he stressed the fact that Canadians are for law and order.

I have mentioned, Mr. Speaker, the views of leaders of thought among the English-speaking population of this country at such length that my time does not allow me to refer to the admirable speeches that have been made on democracy by my archbishop, His Eminence Cardinal Villeneuve, primate of the Catholic church in Canada. In his view, if order is not maintained we may expect anarchy or revolution, and therefore what is essential in this country is order—order in democracy.

On January 4 last the Ottawa *Journal* in an editorial reproduced from the New York *Times* this passage:

Statesmen may blunder, falter and betray. Crude gangsters may take on pomp and put their trust in steel and high explosives. They may win local victories. They will not defeat democracy, because democracy, however defined, involves the highest aspirations of which humanity is capable. They attack democracy at their peril. It will, in the end, destroy them.

May I conclude by reading what the Hon. Mr. Justice Dysart said at the Blackstone club in Winnipeg on April 10 of last year:

> A man who thinks our state is based on democracy is under a delusion. We regulate trade, labour, children's welfare and many other aspects of life. That is all contrary to democracy.
>
> This country is going to revert to absolute government if we don't do some hard thinking and work out some other form of democracy.

Democracy is advocated in many places, and not always in the right way. Democracy means the independence of the individual, within order in society. But if, instead of having order in society; if, instead of having government from above, we have government from underneath, we are exposed to anarchy and revolution. The word is pretty strong but it has been used by several leaders of the clergy as well as of the laity. Therefore, sir, it is to be hoped that Lincoln's pious wish that "government of the people, for the people, and by the people shall not perish from the earth" will hold good for this country. It will not perish, on two conditions: In the first place our Canadian fellow-citizens must have deep religious convictions; in the second place we should establish order in government, order in legislation, order in the public service; and thereby we shall have order in the public activities of this country.

Mr. A. J. ANDERSON (High Park): Mr. Speaker, I am pleased that the first matter referred to in the speech from the throne is the approaching visit of Their Majesties King George VI and his gracious consort Queen Elizabeth. That visit is a matter of great moment to the empire generally and particularly to this dominion. It marks the first occasion upon which a reigning monarch in Great Britain has set foot, during his reign, upon the soil of Canada or of any of the dominions. The present king has already visited this dominion, and was loyally received. His forthcoming visit will enable him to become acquainted with the changes which have taken place since last he was in our midst. On the present occasion their majesties will also proceed to the great republic to the south, having accepted an invitation to visit President and Mrs. Roosevelt at Washington. This splendid gesture will intensify the good feeling which exists between those two great democracies. It will form a striking contrast with some previous meetings in European countries, especially those which have recently taken place between those totalitarian executives the Fuehrer of Germany and the Prime Minister of Italy. Upon their visits there was a display of armed force; the forthcoming visit by their majesties to the United States will be a display of peacefulness, harmony and goodwill which will intensify those good feelings that have existed for a long period of time. The people of Canada will hail with a great deal of pleasure the visit of their king and queen. Personally I regard it with much pleasure, and I know that my feelings are shared by everyone who resides in the constituency I represent. I hope that the welcome which will be extended to their majesties all over the dominion will be appropriate to the position they hold and to our association with the motherland.

After this reference, the speech from the throne proceeds to deal with defence matters. At the present time defence is a rather important subject. The minds of the Canadian people are set upon the protection of Canada and the empire. In the years immediately following the war Great Britain and all the dominions were more or less concerned to reduce their armaments—a praiseworthy object. The United States and other nations were similarly disposed, with the result that appropriations for armaments were greatly reduced. In later years Britain found to her dismay that she had disarmed to a very dangerous degree. Canada did the same, but since we were living in a peaceful environment it did not impress itself particularly upon our people. Yet, whenever the defence estimates, limited as they were, have come before this house in recent years, there have always been objections on the ground that they were too large. The feeling is expressed that to grant money for the purposes of defence of the country would inspire a warlike spirit—which of course is a fallacy.

In 1937 matters in this regard became rather more important, and Canada increased its appropriation for defence. Upon that occasion we were the spectators of an unpleasant exhibition on the government side. The minister was very much embarrassed to find that supporters of the government rose in their places and objected to those appropriations. But the vote went through. May I say that the members of the official opposition made no objection to those appropriations; as a matter of fact, they supported them, and would have supported them had they been increased in a reasonable amount. In 1938 the same thing happened. The government came along with increased appropriations and the opposition supported them. Now we are told in the speech from the throne that increased amounts will be required for purposes of defence, and this statement is implemented in the estimates which have been placed on the table.

During the last two or three years Great Britain has been faced with very difficult conditions on the continent of Europe. In the speech from the throne, the Prime Minister (Mr. Mackenzie King)—for he is really responsible for the speech—states that his government is earnestly and intently watching the situation in Europe, and that at times it appears warlike. That is very true. The best way to judge of the interest of British people in the situation is to look at what has been done. Earl Baldwin, while Prime Minister of Great Britain, was faced with danger from the continent, and took the stern position that England must endeavour to keep peace in the world. He felt that she was not strong enough of herself to play the part of international policeman, but he used his best endeavours to attain peaceful relations. When Mr. Chamberlain followed him, the same policy was pursued. He applied himself most intently to preserve the peace of the world by continuing the friendship which existed between Britain and other nations. This resolve was shown in many ways. At the time of the war between Italy and Ethiopia Mr. Chamberlain did what he could to mitigate that most unparalleled and unwarranted attack by Italy upon an innocent people. His efforts did not stop the war, and Ethiopia was overcome.

Next came the war in Spain, a war between different factions of the Spanish nation. To a great extent it is a conflict between ideals or philosophies. The loyalists or the governmental party were practically socialists, along with the communistic element. The insurgents were the old monarchical party and very much of the fascist type. The result is that this war has been going on in Spain, and other nations of Europe are to some extent taking part. Britain has been the chief agent in maintaining non-intervention between the warring factions. It has been a difficult matter to hold the French back, but it has succeeded. That cannot be said of the two great autocratic nations, Germany and Italy. They have shown their hand clearly, having assisted the insurgent body; yet, notwithstanding the difference of attitude as between Mr. Chamberlain and the totalitarian executives, Mr. Chamberlain has pursued his efforts along the line of peace. While pursuing those efforts, as Prime Minister of Great Britain he was not forgetting the necessity of increasing her armed strength in the interests of preserving the peace of the world. He was not preparing for war. No war was being waged against Britain; no war or threat or any complaint that might lead to war was urged against Britain or any of the dominions. Mr. Chamberlain's whole effort was in the direction of peace. His visit to the Fuehrer of Germany was in the interests of peace. His government succeeded through Lord Perth, the ambassador at Rome, in bringing about an agreement between Britain and Italy looking to peace, and that agreement stood the world in great stead at a later date.

At every stage where matters became serious Mr. Chamberlain was still exerting himself along the lines of peace. Then there was the Munich crisis, with the events that led to the meeting there. Mr. Chamberlain was faced with this position. Hitler had succeeded a very short time before in absorbing the Austrian nation without actually drawing the sword. He was armed and was ready, but that nation was absorbed without any warfare. Then, having succeeded in absorbing Austria, the German republic made demands upon Czechoslovakia on behalf of the Sudeten German nationals living in Czechoslovakia. This course was pursued for a while, and Mr. Chamberlain was still urging measures of peace, not only by correspondence and telephone messages but also by sending representatives to the various parties. His government consented to Lord Runciman's visit to Czechoslovakia in a private capacity for the purpose of ascertaining at close range what was the trouble there. After several weeks there he returned to England, satisfied that the blame was not all on one side. At any rate the fuehrer took courage and with his armed forces ranged along the boundaries of Czechoslovakia, and gave an ultimatum to the President of Czechoslovakia to surrender to his terms—the autonomy of the Sudeten Germans or their absorption by the German nation—or face war within twenty-four hours.

Mr. Chamberlain was put to the test. How far could he go and what would he do? He was impelled by courage and determination to do all that was possible within human power to prevent war, and that was the time when he deserved, was entitled to and was looking for a sympathetic expression from various parts of the empire. He got it from certain parts of the empire, and it was not an expression of war or a desire to go to war; it was an expression of approval of the tremendous efforts he was putting forward personally in the interests of peace. Our Canadian nation was silent. I think the least the Prime Minister and the government might have done on that occasion was to send a message of approval and congratulation to the Right Hon. Mr. Neville Chamberlain on the wonderful efforts he was making to prevent war and to preserve the peace of the world. But that was wanting.

That was in September, 1938. Matters have gone on since, and we find that the fuehrer is still disposed to pursue his ambitions. Britain has increased her armed strength, not that there is any demand at all upon her to use that strength either at the moment or in the immediate future, so far as any part of the empire is concerned. There is no demand upon Canada, and there is no necessity, in discussing this question of defence estimates, to say that the estimates are for the purposes of defending the empire or sending forces beyond the borders of Canada. That might be necessary and it might be justifiable, but at the moment we are mixing up the defence of Canada and appropriations therefor with a much larger question, which is the defence of the empire.

We have heard some expressions in this debate, questioning whether we are justified in passing the large appropriations of this year which look as though they were intended for the defence of the empire rather than of Canada itself. May I say that as a Canadian of Scottish descent I consider myself as good a British subject as can be found in this house or anywhere else, and I am proud of the fact that Canada is a dominion of the British empire. Not only am I proud of that fact, but I believe that as a matter of necessity the future existence and destiny of Canada depend upon our continued association with this great commonwealth of nations.

The Prime Minister (Mr. Mackenzie King) referred the other day to a speech delivered by Sir Wilfrid Laurier back in the days of the war or before, and quoted in a work by our former associate here, Mr. E. M. Macdonald of Nova Scotia. In that book Sir Wilfrid Laurier is quoted as having said, "When England is at war, Canada is at war." Well, that is true, but it does not necessarily mean that we are in the actual reality of war. We are subject to the same conditions as Britain herself. We are part and parcel of the empire. We glory in being a part of the empire. We consider it a privilege—yes more, a right—to be part and parcel of the empire. That privilege and right carry with them a parallel duty and responsibility: the responsibility to do our part in the defence of this great commonwealth of nations. What that part will be remains to be seen when the time comes.

It seems to me folly to spend time saying that we can declare our neutrality in case of war. I was going to use the word "insanity" in describing that attitude of mind. How can we be both in the empire and out of it? The moment Canada declared its neutrality, exercising the powers which we believe we have obtained through the imperial conference and which are embodied in the statute of Westminster, we are out of the commonwealth. If Great Britain were at war with Japan, how far would Japan listen to our protests? She did not give much consideration to the protests of the United States in relation to China or to British or French protests against the methods adopted in making war on China, methods absolutely contrary to the rules recognized in modern warfare. Japan would laugh at our protests, and say: That is nothing; you are part and parcel of the British empire, we will bomb your cities and attack your people. That would be just as justifiable and just as likely to happen as what took place in Ethiopia and is happening to-day in China and in Spain.

As long as we claim and admit that we are part and parcel of the British empire, just so long have we a duty to perform by preparing to defend ourselves in such way that we become a useful and efficient part in empire defence. The defence of the empire does not depend on Great Britain alone. I admit that the greater part of the burden of defence falls upon the old motherland, but every part of the empire has its duty to perform. Every dominion, every possession, as well as the motherland must defend itself to the extent of its ability and according to its importance in the empire. Canada to-day is bound, for the sake of its own self-respect and in view of its future destiny as part of the empire, to spend the money that the Minister of National Defence (Mr. Mackenzie) asks for in his estimates. As far as I am concerned I shall support those estimates quite freely.

In the speech from the throne reference was made to a defence purchasing board. This purchasing board was suggested by a recommendation in the recent inquiry. I am not at all surprised that the Prime Minister is thinking along that line. He has not forgotten how profiteering flourished during the last war, and the great abuses that took place in connection with the manufacture of munitions. While half a million men went overseas from Canada to assist the motherland when her existence was threatened, giving all they had, their lives, their homes and their property for the paltry pay of $1.10 a day, and such other amounts as officers got in addition, we had men at home profiteering, becoming millionaires through the manufacture of munitions. It is no wonder the Prime Minister has expressed himself as against such a thing happening again.

When he was approached by an hon. member of this house and asked whether there was anything against private institutions in Canada taking contracts for the manufacture of munitions for the motherland, he was careful to say that he did not see any objection to that so long as the government of Canada was not involved. That letter is on record in connection with the inquiry that recently took place. The Prime Minister followed that up; he was afraid that it might not be enough. He appointed a committee to make certain investigations and report to him. That led to the appointment of an interdepartmental committee to inquire into these matters. That interdepartmental committee was, I believe, composed wholly of men in the civil service. Some of them were of the highest rank, such as the under secretary of state for external affairs, than whom there is probably not a more efficient officer in the service; Doctor Clark, the deputy minister of finance, and the commissioner of income tax, a very clever officer, and others. They investigated this matter of munitions and particularly the contract, known as the Bren gun contract, that the Minister of National Defence told us in rather gleeful terms had saved Canada a prodigious amount of money.

The Minister of National Defence was advised during 1936 and early in 1937 by the chief of staff, General Ashton, on three or four different occasions during the year, of the necessity of the manufacture of armaments under the control of the government. It was recommended that we should establish factories or industries for the purpose of their manufacture. In 1935 the imperial government, after four or five years' tests of this Bren gun, finally decided to accept it, and made a contract with the patentee. What did they do? The imperial government saw to it that the contract contained a clause that it would enure to the benefit of all the dominions. Another clause of that agreement, no doubt inserted at the instance of the patentee, was that these guns should be made in a factory controlled and operated by the government.

All this information was before the defence department when these Bren gun negotiations began. To what extent was it regarded or followed? I criticize the defence department in that regard. With all the information before them they pursued their own course, and what did they do? On October 9, 1936, the hon. member for Trinity (Mr. Plaxton) was in the city of Ottawa. He is a young, athletic, fine-looking chap, and one would imagine he should have a good memory. But he does not remember just whether he came to Ottawa in company with his friend Major Hahn or whether he met him here. I think it is pitiable that a young man who has been entrusted with the franchise of a responsible constituency in one of the largest cities of Canada should have to admit that his memory did not serve him any better than that. What was he in Ottawa for? Some of his answers would indicate that he was here on departmental business, and I believe that may be true. If it is true, he remembered that. At any rate he did remember that on October 9 he took Mr. Hahn to the deputy minister's office and introduced Major Hahn to the deputy minister. Major Hahn had been interested in this matter by the brother of the hon. member, a reputable lawyer in the city of Toronto, a scion of a distinguished family. Their father was a man who served his people well; who gave his family an education and whose family to-day are upholding the splendid reputation which he enjoyed. A brother of the hon. member, Herbert Plaxton, became interested in an old building, called by some an old boiler factory, but which I shall call by its proper name, the John Inglis factory in the western part of Toronto.

That was during the summer of 1936. At one time this factory was probably one of the best known in Toronto. John Inglis, the head of that firm, was a splendid man, with great business experience, who enjoyed an extremely good reputation. Unfortunately for Toronto, and probably for Canada as well, he came to the end of his earthly existence a few years ago and was succeeded by an able son, William Inglis, who in later years was known to many of us as either chairman or president of the Canadian National exhibition at Toronto. William Inglis was cut off in the prime of life and died just three or four years ago, and after his death the John Inglis factory became practically dormant. It was closed down in the early part of 1936; in other words, it was a dead industry. The Inglis money was no longer available for the purpose of carrying on that factory, and no other capitalists were interested in taking it over. The machinery and equipment were designed for the manufacture of heavy material such as boilers, turbines and so on, and in the days of its prosperity there was not a concern in Toronto that could touch the John Inglis Company in these lines. It was entrusted with some of the largest contracts given for equipment of this kind; but all that ended before or during 1936, and that was the industry which Major Hahn, through the instrumentality of Herbert Plaxton, was interested in buying.

During the course of this interview on October 9, 1936, the hon. member for Trinity believes he did tell the deputy minister some-

thing in regard to that plant. It is rather indefinite. They met in the office of the deputy minister, where there was set up one of the two Bren machine guns that had been bought by the dominion government in 1935. The hon. member for Trinity says he does not remember seeing the gun there at all. That is another wonderful exhibition of poor memory. Major Hahn does admit that he saw it, while the deputy minister says they both saw it and examined it, Major Hahn in particular. But he adds, "I don't think either one of them ever saw a Bren gun before." Major Hahn and his associates were represented as interested in buying, or as having bought, the John Inglis property, which was said to be capable of making munitions. That was the representation which was made, not only to the deputy minister but subsequently to the War Office in London.

Let us see what was the next step. Ten days later, on October 19, 1936, the Minister of National Defence was in his suite at the Chateau Laurier. Again the hon. member for Trinity and Mr. Hahn were in Ottawa, together with a gentleman named Cameron, head of the brokerage firm of Cameron, Pointon and Merritt of Toronto. The hon. member for Trinity had a conversation with the minister at that time, leading up to the introduction to the minister of Major Hahn and subsequently Mr. Cameron. Major Hahn was there for one purpose: to see what he could do, in his own interests and those of his group, toward negotiating a contract for something in the line of munitions. Would it not be reasonable to suppose that such a visit would impress itself upon the memory of the minister; that he would remember he had met these people at that time and discussed this possibility; that these men were introduced by the hon. member for Trinity, and that he had a conversation also with a Mr. Cameron in regard to some financing which might be necessary? But what does the minister say? He says that according to his memory the first time he ever met Major Hahn was on one occasion when he, the minister, had to go to Toronto to examine this John Inglis plant. That is his statement, according to the evidence. His memory also is frail. He further said in his evidence before Mr. Justice Davis—and I am quoting this subject to correction, because for the moment I am relying on my memory—that the first time he had met Major Hahn was when the contract was signed.

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

Mr. ANDERSON: He admits that Major Hahn corrected his recollection in that regard. He still feels that whatever he said in the first instance was his memory of what had occurred, but he would have to give way to the credibility of a man who said something different. That was a gentlemanly thing for the Minister of National Defence to do in regard to Major Hahn. I want to say the same in regard to the minister as I have said in regard to the hon. member for Trinity. The minister is also a good Scot. He has a splendid war record; he is a good lawyer out in Vancouver; he is regarded as one of the best looking members in the house; yet his memory is most defective. We are being asked to depart from the regular procedure of parliament in asking for tenders from reputable contractors in connection with public contracts and to give them to a group of men, the members of which the minister says he did not know. In other words, he did not know who were associated with Major Hahn.

Mr. DEPUTY SPEAKER: I regret to interrupt the hon. gentleman, but his time has elapsed.

Some hon. MEMBERS: Go on.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Mr. ANDERSON: I thank you, Mr. Speaker, and, through you, the members of the house for their indulgence. I shall not trespass too long upon the time of the house. It is strange that an hon. member should strongly recommend to the minister and to the deputy minister a group of men, the members of which he was not disposed to name apart from Major Hahn. As it turned out, in the first instance one member was a brother, and later on two brothers were in the combination. In the old days when I used to listen to political discussions in Ontario, we called that nepotism. I do not know what it is called to-day, but it is nothing but patronage being distributed to those who are related to one who happens to be a member of this house. I do not like it. I think it is objectionable. Of course the contract was not signed just at that time, but the negotiations continued.

I have outlined what took place on October 9 and October 19. On October 26, only seven days afterwards, we find the hon. member for Trinity, Major Hahn and Mr. Gordon Plaxton, a brother of the member, on the boat for England. They were following up things very closely. They did not give an opportunity to the minister or the department to inquire whether tenders could be received from other reputable concerns in the Dominion of Canada. These men reached England in the course of a few days and they endeavoured to

interview members of the War Office with respect to a contract which they hoped to get, and which they since obtained. They kicked their heels around London for about ten days and were unable to obtain an interview. I suppose they took in the sights of Piccadilly, Hyde Park, Pall Mall, and probably a few other places. They became impatient after a while, and a telephone message was sent through to the minister asking for some assistance. That was worked through the Department of External Affairs, and that is how the Prime Minister becomes involved. He lent himself, consciously or unconsciously, to what was going on in the defence department. A letter was written and sent to the High Commissioner in London, the Hon. Mr. Massey. Through him it was handed on in the proper way to the War Office. In that letter Major Hahn was regarded as a representative of this government. I say that the Prime Minister as head of the Department of External Affairs should have been more careful. If he did not know of this; if the responsibility rested solely on Doctor Skelton, then I am sorry that Doctor Skelton, for whom I have the highest regard, has lent himself to this sort of thing.

Why was Major Hahn considered as the representative of this government in connection with contracts for munitions for Great Britain and Canada? This is monstrous. What about our industries in Canada? We hear a great deal of talk about unemployment and relief, but what efforts did they make to get something beneficial out of the money to be spent by the defence department for the manufacture of munitions? What did they do? They put this in the hands of Major Hahn and his associates, who were, unfortunately for the hon. member for Trinity, brothers of a member of this house.

Let me say a word about Major Hahn. He was a good Canadian and, while I am not sure, I believe he is a graduate of Toronto university. He went overseas, gave good service, and rose in rank. He came back to Canada with imperial rank. He was wounded; he served his country nobly and he is entitled to every credit in that regard. As a man I do not think anything can be said against him to-day, and certainly nothing could be said about him at that time. Upon his return he decided to study law. The law society of Ontario passed a regulation to permit men returning from the front who possessed the necessary qualifications and were desirous of studying law to complete their course in two years. They were to take the same number of lectures and examinations, but the lectures were to be almost continuous. The usual intervals between lectures were to be eliminated. Major Hahn took that course and became a lawyer. My son was one of those who took advantage of that regulation, and the hon. member for Spadina (Mr. Factor) was another who took that course. Up to that point these men were all on a par.

Major Hahn became a lawyer, but he decided he would not continue in the practice of law. Industry had a claim on him. We will assume that the war closed in 1919 because many of the important officers did not get back until that year. In 1923, after he had been admitted to practice in Ontario, Major Hahn became interested in the establishment of a concern known as the De Forest Radio Corporation, which carried on business in the constituency represented by the hon. member for Greenwood (Mr. Massey). That company carried on for seven years, and it was represented to the minister and to the War Office as being a successful business financially.

Seven years is not long in the existence or life of an industry. It was a large industry, but when the adverse winds of the depression struck it in 1930 it began losing money. It was under the administration and management of Major Hahn, and it lost money in 1931, 1932 and 1933. The reason was, he said, that competition was so great that he found it necessary to try to sell the business to one of his competitors, which was done. That was the Rogers Majestic, in Toronto, the operators of CFRB. It bought out the De Forest concern, and the major then dropped out of business. That was in 1934. Now what about that business? It went into the hands of a receiver immediately. The claims against the concern amounted to only $140,000, which was not a large amount for a financially successful concern in seven years, and yet when they came to distribute the assets, what was the result? The creditors got the munificent return of twenty cents on the dollar. Nevertheless that is the company which is represented to the minister, to the Department of National Defence and to the War Office in London, as being a successful one. Although it had not been running since 1936, it was represented to the War Office as immediately capable of turning out war material.

I do not want to trespass further, Mr. Speaker, on the indulgence that the house has been good enough to extend to me, but I should like in conclusion to say that the government of Canada should repudiate that contract. If it goes any further, the imperial authorities will feel that Canadians are not worthy of trust in matters so important as the manufacture and purchase of munitions.

I am not saying anything against the minister. He is one for whom I have had the greatest respect, but I do say that as a minister of the crown he has not exercised that caution, care, and regard for the welfare of Canada which he should have, and which the responsibility of his office demanded of him. I consider that the work of his deputy was positively reprehensible. I shall not apply that term to the minister. I shall give him some credit for having depended on his experts, as he said himself. But how far has he depended on his experts? It has been shown that he did not depend on them at all; that he did not know with whom he was dealing; that he did not ask tenders, as suggested by the interdepartmental committee, from such concerns as the Steel Company of Canada, the National Steel Car Company, the Dominion Bridge Company and other big companies in this dominion that are capable of carrying on this work, companies that have been in existence for generations and are to-day in a strong financial position and able to carry out government contracts with precision and accuracy, companies in which one can have absolute confidence. I thank you, Mr. Speaker.

Mr. SLAGHT: Would the hon. gentleman permit a question?

Mr. ANDERSON: Mr. Speaker, if the hon. gentleman would submit it in writing, I should be glad to answer it. My reason for refusing to do so now is that I cannot hear him, and I do not want to make a silly answer.

Mr. SLAGHT: I think I must accept the latter part of that statement.

Mr. H. G. CLARKE (Rosedale): Mr. Speaker, may I first refer briefly to the wonderful speeches that were made by the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address in reply to the speech from the throne. Undoubtedly they were the best I have ever heard on such an occasion, more particularly that of the hon. member for Stormont (Mr. Chevrier), who gave his address in both English and French and with a fluency that I thought could not be surpassed. But a few nights ago I listened to the hon. member for Argenteuil (Mr. Heon) also delivering an address to the house in English and French, and to my amazement his effort equalled, if not excelled, that of the hon. member for Stormont in its fluency in both languages.

I should also like to compliment the Prime Minister (Mr. Mackenzie King) upon the good judgment he showed in the selection of his two new cabinet ministers a few days ago. I believe these appointments are very popular indeed, particularly that of the new Postmaster General, the hon. member for Essex West (Mr. McLarty). I have known him for a long time. I know his genial nature, and how pleasant it is to be in his company. I know how able he has shown himself in getting things done; and in his appointement to the office of Postmaster General the Prime Minister made a wonderful selection.

Turning now to the speech from the throne, after listening to so many able speeches since parliament convened on January 12 last, I think there is little more to be said, but I cannot allow this opportunity to pass without expressing the gratification and the happiness that my constituents in Rosedale riding, Toronto, feel at the forthcoming visit of Their Majesties the King and Queen. Toronto is, I believe, one of the most beautiful cities in the whole world. In population it is the second largest city in this dominion. I have visited many cities in Canada, the United States, Europe, Asia and Africa, and I have always felt on my return to Toronto that not a city I had visited could compare with it at all. I have spoken of the happiness my constituents feel at having their majesties visit the city of Toronto for a short time this spring. But there is always the bitter to be taken with the sweet. Loyal subjects of the king and queen residing in Toronto are looking for an opportunity to greet their majesties, and what do we find? We find that this great city is imposed upon by being granted only the short period of eight hours for their majesties' visit. I do not know where the blame should be placed, or whether it is just another Liberal government error and the public must suffer for it.

I should like to allude briefly to a matter arising from the news received in Ottawa on Monday morning of the resignation by the Right Hon. R. B. Bennett of his seat in the House of Commons. For many years he occupied a seat in this house as private member, as cabinet minister, as Prime Minister, and, for the last three years, as leader of the king's loyal opposition, the position he resigned last year. I shall not try to eulogize the many merits of so fine a gentleman and statesman, but I cannot let this opportunity go by without acknowledging his sterling qualities. I have often heard it said that a man is not appreciated until he is dead; but so far as the Right Hon. R. B. Bennett is concerned, he is very much appreciated while alive, and I believe that his name will go down in history as an outstanding statesman and gentleman and a great Canadian Prime Minister.

May I say a few words also with reference to the present leader of the king's loyal opposition in the house (Mr. Manion). I have been in this chamber during the sessions of this eighteenth parliament. During that time I have endeavoured to do my best, and I believe the same is true of every other Conservative member. Our numbers are not very great, and each of us has had to put his shoulder to the wheel; but may I say that since the present leader of the opposition, with his charming disposition, his wonderful personality, his gifts of magnetism and leadership, his power to engage the co-operation of all members of his party, has held his present position, I have never seen such enthusiasm as exists to-day among all our members.

We have seen terrible happenings in Toronto during the past week. Nothing of the kind has occurred before in that city. It is a direct reflection on the inactivity of the present government in connection with unemployment, especially among the youth of our country. I refer to the arrest of a number of young unemployed single men. A few weeks ago, on the orders of the day, I spoke on their behalf to the Minister of Labour (Mr. Rogers), and what has happened since makes me wonder where we are going under the administration of this do-nothing government, which leaves our youth to suffer under the appalling burden of unemployment. There is one period in a man's life which either makes or breaks him—the period between seventeen and twenty-one. During that time a young man is moulding his future, and if he is allowed to go about in idleness there is a great possibility that he may do something which will injure him for the rest of his life. May I again urge that the government take immediate action to eliminate, as far as possible, this trouble and not spoil the lives of thousands of fine young Canadians who, if they are given a chance, provided with some useful employment, and not allowed through idleness to fall by the wayside, may be occupying to-morrow the seats which we hold to-day.

I desire to make a brief reference to the recent trade treaty. To my mind, when the government enters upon treaty making with the United States it is going into pretty capable company, engaging with pretty clever people, people who generally make treaties for the United States and do not worry about the interests of any country other than their own. I do not intend to labour this matter, but I am concerned when I see the quotas which are being put upon exports of our goods to the United States. Imports to Canada from the United States are mostly manufactured lines, and all the restraint that appears to have been placed by way of quota or any other deterrent upon their goods is the dumping clause. That seems to be the only thing we have done to hinder manufactured goods from being brought into Canada from the United States and taking away the employment of our workers in various lines of industrial production. Last fall, when I made several hundred calls in my riding, I discovered that in the industrial sections more men would be laid off because of this new trade treaty and the removal of the three per cent excise tax.

May I suggest to the government that as soon as possible they take action to abolish this burdensome sales tax of eight per cent which is a direct charge on all the citizens of this dominion. I have been waiting to hear that some legislation in regard to this matter will be introduced in the near future. It is very likely there will be an election before long and the government have made some reductions in the sales tax, but I think they should go further and assist the overburdened taxpayer by removing the tax altogether. In this connection I might quote from a letter, dated January 30, 1939, which I have received from the sales tax repeal association of Bay street, Toronto. It is a long letter and I shall read only a part of it. In reference to the eight per cent sales tax it says:

> Not content with charging interest on overdue sales tax, the delinquent is liable for double the tax due, a fine in addition, and imprisonment, and no judge is allowed any discretion in the matter.
>
> Can you imagine any more outrageous treatment of small dealers and struggling concerns than such penalties? These men are not crooks but good citizens, yet they are really treated as worse than criminals.

I shall not go any further in that connection. There is one thing I would mention, however, with regard to the relief problem. This has been a great problem to every municipality throughout the country. Organizations have been set up in every town and city to urge upon the government that they take over all, or at least a part of the relief burden, but so far only a small concession has been made, and most of the burden remains on the municipalities. If the government would remove this tax upon the municipalities, this would solve the housing problem and give employment to thousands of workers, and in a very short time we would return to prosperity. I do not think there is any doubt about that. Both the Minister of Finance (Mr. Dunning) and the Minister of Labour (Mr. Rogers) have endeavoured to put many schemes into effect, but they have been only partly successful. I suggest that from the standpoint

of the private citizen and the businessman, it would be a sound principle to remove the heavy relief tax on properties and buildings. If that were done, building work would be proceeded with and there would be no question of unemployment.

One matter I cannot allow to pass without some comment is the radio tax. I protested last year against the increase in the fee from $2 to $2.50 per set, and where a man has more than one set he has to pay more. I was successful in having the minister agree that where an indigent person on relief had a radio it should not be necessary for that person to buy a licence in order to use his radio. That was only proper and I was pleased that the minister granted the request.

Another subject which I brought up was the freedom with which inspectors could enter private houses. On that point I received support from many hon. members. After all, no matter how small it is, a private house is a man's castle and he should not be bothered by having people running in and out of his home without proper authority. On that occasion I suggested to the minister that there should be an order from a supreme court judge, because I thought that would have a deterrent effect on inspectors. In this respect the minister did not fulfil his promise. When he brought in his bill I was sorry to see that he had omitted that part of it. I shall not go any further now on the radio question; I shall discuss that later when the estimates are under consideration.

I have tried to be as brief as possible. In my opinion the forty minute rule was adopted for speakers who have some special subject to explain—cabinet ministers and the like—and I am sure that the session could be considerably shortened if hon. members would be brief and not exceed the forty minutes. If hon. members would curtail their remarks as far as they reasonably could, there would be a saving of many thousands of dollars to the Canadian taxpayer.

Mr. HUGHES CLEAVER (Halton): The hon. member for Rosedale (Mr. Clarke) and other members representing urban ridings in Ontario have expressed great concern over the disastrous results to industry from the 1935 United States-Canada trade agreement, and their apprehension of the impending results, equally disastrous, that will flow from the three-way agreement that has recently been consummated. I have some figures which will possibly put their minds at rest on that score. If they turn up the record of industrial building during the period of the Bennett administration and then look at the record of what has happened since in such building, I think hon. gentlemen who sit across from me will have their minds put at rest in regard to the effect of the trade agreement on industry. During the ten year period ending in 1930 Ontario industries expended an annual average of a little more than $15,000,000 on capital outlays for factories, warehouses and the like. Then during the five year period of the Bennett administration what do we find? We find that in 1931 industry was so confident upon the coming into power of the Bennett administration that it cut its expenditures on factory buildings in half. In that year industry expended $6,836,000 on capital outlay. In 1932 we reached an all-time low, less than $2,000,000, the figure for that year being $1,871,000. In 1933 there was some recovery; $4,700,000 was expended. In 1934 we slipped again, down to $4,306,000. In 1935 we slipped further, to $3,645,000. For the five years the total spent in Ontario on factory and industrial construction was $21,358,000, or a yearly average of $4,271,600.

After the Liberal administration came into office in October, 1935, and negotiated the United States trade pact of 1935 which came into force on January 1, 1936, what happened? We all know that capitalists spend money in expanding their factories only when their business is expanding and when they have confidence in the future. In 1937 Ontario industries were so impoverished by the trade agreement and their owners so alarmed that in that year they actually increased their factory construction expenditures to over four times the 1931-35 average, or an amount greater than was spent in any year during the Bennett administration. In 1937 Ontario industrialists spent $17,933,000 in factory construction work. We not only equalled the average annual construction for the ten-year period from 1921 to 1930, but exceeded that average by over $2,000,000. This voluntary response by Ontario industry, in my opinion, answers once and for all the Tory charge that the United States trade agreement was harmful to industry in Canada. I suggest that it also accounts for the fact that the new Great Britain-United States-Canada trade agreement has met with practically no criticism by industry. But one thing left unexplained is the loud and continuous complaint by Conservative members with respect to the treaty. The reason for this I quite confidently leave to the good judgment of the electors.

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

Thursday, February 2, 1939

The house met at three o'clock.

CENTRAL FINANCE CORPORATION

REFERENCE OF PRIVATE BILL TO STANDING COMMITTEE ON STANDING ORDERS

Mr. W. R. MACDONALD (Brantford City) moved:

That the private bill intituled "An act respecting the Central Finance Corporation, and to change its name to the Household Finance Corporation of Canada," filed with the clerk of the house on January 19, based on the petition read and received by the house on January 26, be referred to the standing committee on standing orders for a report on the filing of said petition and the deposit of the said bill and for such recommendations as may be deemed advisable.

Motion agreed to.

BREN MACHINE GUN CONTRACT

MOTION FOR REFERENCE TO PUBLIC ACCOUNTS COMMITTEE—PRECEDENCE OF DEBATE ON ADDRESS

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, as I have given the required notice under the rules of the house, I now desire to move, seconded by the hon. member for Weyburn (Mr. Douglas):

That the public accounts and the report of the auditor general for the fiscal year ending March 31, 1938, together with a copy of the agreement between the government and the John Inglis Company of Toronto for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts.

I have already stated my reason for moving this reference to the public accounts committee, and I do not intend now to deal with the matter at any considerable length. I wish merely to refer to the remarks of Commissioner Mr. Justice Davis—

Mr. SPEAKER: Order.

Right Hon. W. L. MACKENZIE KING (Prime Minister): On a point of order, Mr. Speaker, I do not wish in any way to interrupt my hon. friend in presenting his motion, but if he is about to debate the motion I am afraid that the resolution of this house, which has been concurred in, with respect to the debate on the address, would preclude such debate at the moment. The house has already agreed:

That the speech of His Excellency the Governor General to both houses of parliament be taken into consideration on Monday next, and that this order have precedence over all other business, except the introduction of bills, until disposed of.

[Mr. Cleaver.]

If my hon. friend is simply making a motion to refer the two documents he has mentioned to the committee on public accounts, that would be a routine motion and I think it might be permitted to pass; but if he is wishing to debate the subject at the present time I am afraid that he would be out of order, until after the completion of the debate on the address.

Mr. MacNEIL: I agree with the Prime Minister.

Mr. SPEAKER: Shall the motion carry?

Mr. STEWART: No.

Hon. R. J. MANION (Leader of the Opposition): Just a minute, Mr. Speaker. On the point of order, I wish to draw the attention of the Prime Minister to the fact that according to standing order 38 "the following motions are debatable," and it includes a motion—

(k) For reference to a committee of a report or any return laid on the table of the house.

So that this motion is debatable.

Mr. MACKENZIE KING: Oh, yes.

Mr. MANION: I object to its passing without debate. If it is to be carried, Mr. Speaker, it will be carried after debate, not before.

Mr. MACKENZIE KING: My hon. friend is quite right in saying that the motion is debatable, and that is the reason I interrupted the hon. member to draw to his attention the fact that he could not debate it, according to the resolution which the house has already passed, until we have disposed of the debate on the address. If he wishes to make a formal motion the house can debate the motion, or decline to, as it wishes: the documents are on the table and they can be referred to the committee at once.

Mr. MANION: It is not a case of accepting or declining the motion. The question is whether the motion shall or shall not go through without debate. My submission is that this is such an important question that the place to discuss it is not behind closed doors in a packed committee.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: I do not use that expression offensively. I withdraw the statement; I did not mean that. What I was thinking of was a committee which is four or five against one on this side of the house, and that is not the place to discuss a matter of this kind. The place to discuss it is in the house. As far as this motion is concerned I have no objection to its ultimately being adopted, but only after it is debated in the house.

Mr. MACKENZIE KING: My hon. friend is quite within his rights if he wishes to take objection to the motion being put at the present time, and the government is quite prepared to meet him in that regard; but it will have to stand, then, until another day.

Mr. STEWART: Assuming the motion were passed and the report were referred to the public accounts committee, would that prevent discussion of the subject matter of the report in this house on other occasions—on estimates, and going into supply?

Mr. MACKENZIE KING: My hon. friend is an old parliamentarian; I should think he may have referred to the rule even before I did. He knows very well that when a matter is referred to and is being considered by the committee, that precludes discussion on it by the house until the committee has reported.

Motion stands.

FISHERIES ACT, 1932

ASSESSMENT UPON OWNERS OF OBSTRUCTIONS TO ASCENT OR DESCENT OF FISH IN STREAMS

Hon. J. E. MICHAUD (Minister of Fisheries) moved for leave to introduce Bill No. 15, to amend the Fisheries Act, 1932.

Some hon. MEMBERS: Explain.

Mr. MICHAUD: Mr. Speaker, the purpose of this bill is to amend paragraph (b) of section 57 of the Fisheries Act. It is a minor amendment. As the section now reads, it has been assumed in some quarters to mean something different from what apparently was intended when it was passed by parliament. The purpose of the bill is to make the meaning of the section clear to all concerned.

Section 57(b) provides for the payment of compensation by people who build or place in rivers obstructions which prevent the fish from ascending or descending. I am told that when the law was enacted it was intended that an annual sum should be paid by these people. To-day they claim that they can comply with the provision of the act by paying a lump sum, and the purpose of the act is to correct this interpretation.

Motion agreed to and bill read the first time.

FOREIGN POLICY

DECLARATION OF THE STATUS OF CANADA IN TIME OF WAR

Mr. J. T. THORSON (Selkirk) moved for leave to introduce Bill No. 16, respecting the status of Canada in time of war.

He said: The purpose of this bill is to make clear and declare to the other nations of the world the status of Canada in the event of war.

The bill consists of only one section, which declares that:

> Canada shall not assume the status of belligerent otherwise than by a declaration of war made by his majesty with specific reference to Canada and only on the advice of his majesty's government in Canada.

The declaration contained in the bill rests upon the constitutional basis that Canada is a sovereign nation in personal union with the other nations that make up what is termed the British commonwealth of nations, all owing allegiance to his majesty. Canada has complete autonomy over every aspect of her affairs, whether internal or external. This autonomy extends to the declaration of war. The bill defines the only manner in which a declaration of war can place Canada in a state of belligerency, namely if a declaration is made by his majesty with specific reference to Canada and on the advice of his majesty's government in Canada. It is the opinion of a good many Canadians that this declaration of status should be made now, in a time of peace, so that it may be known to the rest of the world. The bill is an assertion of the right on the part of Canada to decide whether Canada is at war or not.

Motion agreed to and bill read the first time.

FISHING INDUSTRY

MOTION FOR ADJOURNMENT TO DISCUSS MATTER OF URGENT PUBLIC IMPORTANCE—LOSS OF LOBSTER TRAPS AND EQUIPMENT ON WESTERN COAST OF NOVA SCOTIA

On the orders of the day:

Mr. R. E. FINN (Halifax): Before the orders of the day are proceeded with, I ask leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance. The matter is—

Mr. SPEAKER: Order. I do not think that at this stage of the proceedings the hon. member is entitled to ask to move the adjournment of the house. The motion should have been made under the head of routine proceedings.

Mr. FINN: Mr. Speaker, standing order 31 says:

> Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business (standing order 15) has been concluded and before notices of motions or orders of the day are entered upon.

This is before the orders of the day are entered upon. The matter that I desire to bring before the house—although not until I have obtained leave in the parliamentary way—is the dire distress of the lobster fishermen in the constituencies of Halifax from Cole Harbour to Hubbards, which is adjacent to eastern Lunenburg county line, in Queens-Lunenburg, and Shelburne-Yarmouth and southeastern Digby.

Mr. SPEAKER: Order. It does not seem that there is any regular order of the day. There is a special order of which the subject matter is the address in reply to the speech from the throne. The house having already entered upon the consideration of its business, the hon. member is not in order in bringing up the question at this stage.

Mr. FINN: Will his honour the Speaker tell me when it should be brought up?

Mr. SPEAKER: The hon. member should make the motion on the opening of the house, under routine proceedings.

Mr. FINN: The acoustic properties of the house will have to be improved. We cannot hear.

NATIONAL DEFENCE

REPORTED PREPARATIONS ON COOPERATIVE BASIS BETWEEN CANADA AND THE UNITED STATES

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to read a brief news dispatch and on it base a question to the Prime Minister. In the Vancouver *Sun* of January 28 there is a dispatch from Washington, D.C., the opening sentence of which I will read:

> Quietly, without need of treaty or negotiation, the United States and Canada are preparing to defend this continent from invasion, on a joint, cooperative basis, the armies and navies of both working together by definite plan.

I am not asking the question by way of adverse criticism, but I should like to know whether this statement is correct and whether there are any commitments involved.

Right Hon. W. L. MACKENZIE KING (Prime Minister): A question of such importance as the one which the hon. member has asked is one that I should not like to answer offhand. I should like to see the statement and read it carefully. I gather, however, that the purport of the question is this: Are there any commitments on the part of the present government with the government of the United States in respect of the defence of the Pacific coast. If that is the question I answer that there are no commitments that I am aware of, and I think I should be aware of any if there were.

Mr. WOODSWORTH: There was the other prior question which I asked as to whether it was correct that there is an arrangement to defend this continent from invasion, involving joint cooperative action, or to what extent the statement is correct.

Mr. MACKENZIE KING: I should think that an arrangement would be in the nature of a commitment and, I repeat, there is no commitment. I have not the least doubt that there has been an exchange of information between the authorities in the United States and the authorities in Canada with respect to matters of common concern; in any event, that would be most desirable; but beyond exchange of information on matters of common concern I think I can assure my hon. friend that there has been nothing that could have the semblance of a commitment of any kind.

BUSINESS OF THE HOUSE

PROCEDURE RESPECTING CANADA-UNITED STATES TRADE AGREEMENT AND OTHER BUSINESS FOLLOWING ADDRESS

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Some days ago, just after the beginning of the debate on the address, I asked the Prime Minister (Mr. Mackenzie King) a question with reference to the business that would be taken up following the close of this discussion, and he mentioned that in all probability the trade treaty would come up for consideration. So far as one knows now, the vote in the present debate will be taken either this afternoon or this evening. Has the Prime Minister made any change in his plans? If not, will he tell us whether we shall proceed to-morrow with the trade treaty in the event of the debate concluding to-day?

Right Hon. W. L. MACKENZIE KING (Prime Minister): If I remember rightly, when I replied to my hon. friend's question on the previous occasion I intimated that if we concluded the debate towards the end of a week we would not in that week go on with the trade agreement. I might take advantage of this opportunity to mention that, to-morrow being a government day, the government would like, if possible, to proceed with such business as appears under the head of government business, and to that end I intend later to ask the permission of the house to proceed to the order for government notices of motion in order to advance

three or four resolutions. I had intended asking the house for permission to have the resolutions advanced a stage to-day so that to-morrow they might appear on the order paper under government orders. The resolutions will be found at page 34 of to-day's order paper. I would also ask my hon. friend —I do not suggest that he give me a reply at the moment; I simply mention the matter now so that he may have time to think it over—whether we might also have permission to go into committee of supply on the estimates of some department should the other business be summarily concluded. In that event we should like to take the estimates of the department of national revenue or those of agriculture.

Mr. MANION: I am afraid my right hon. friend is developing a rather subtle sense of humour; we are not likely to get into supply to-morrow. May I ask him which of these government notices he proposes to go on with? He need not tell me now, but perhaps he will this evening.

Mr. MACKENZIE KING: We propose to take up the second resolution, which requests that the governor in council be authorized to raise by way of loan the sum mentioned in the resolution. That is one. Another is the bill respecting the Ottawa corporation agreement. The Minister of Justice has a bill with respect to penitentiaries. It is the resolutions with respect to these three which the government have in mind.

Mr. LAPOINTE (Quebec East): That is only a resolution.

Mr. MACKENZIE KING: It is simply a resolution. What we wish to do is to inform the house that His Excellency the Governor-General has been advised of these resolutions.

Mr. MANION: I merely wanted to know what the government's intentions were. I do not want to cause any trouble in the house; I like to help everything along.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Wednesday, February 1, consideration of the motion of Mr. J. E. Matthews for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Manion, and the amendment to the amendment of Mr. Woodsworth.

Mr. HUGHES CLEAVER (Halton): I wish to direct attention to one way in which every hon. member may make a personal contribution to the solution of the problem of unemployment, but before proceeding I concur heartily in all the complimentary remarks that have been made with reference to the mover (Mr. Matthews) and the seconder (Mr. Chevrier) of the address, to the new leader of the Conservative party (Mr. Manion), and to the two new cabinet ministers. May I be permitted also to say how pleased my constituents were to learn of the restoration to health of the Minister of Finance (Mr. Dunning). We hope that he will long enjoy good health so that he may be able to carry the very onerous responsibilities of his office.

At this time I should like to join with other Canadians in expressing our delight at the proposed visit of the king and queen to Canada this year. I do not know of any king and queen in the past who have so captivated the hearts of Canadians as have their majesties. Perhaps it is because, through the use of the radio, we were all permitted to share in the coronation ceremonies. Perhaps it is because of their wholesome family life, of which we are all so proud. Perhaps it is for both reasons.

We have listened to many fine speeches in this debate. Many of them will read particularly well in the ridings for which they were intended. It would almost seem as if a general election is in the offing. Let me say at once that I hope the people of Canada will not be subjected to the upset and turmoil of a general election until we have had an opportunity to weigh by actual experience the value of the new three-way trade agreement. I do not know of any safer way of arriving at a correct conclusion with respect to any subject than by actual performance. Actual performance is very much safer than prophecy, especially where the prophecy has a political tinge.

Every member of this house who has spoken in the debate has commented upon the serious problem of unemployment. I wish to offer a suggestion whereby I believe every member can make a direct contribution in his own riding toward the solution of the problem. I refer to the employment of men by house builders. This government cannot claim all the credit for the present national housing act, because in 1935 the then Bennett administration realized that the construction trades were lagging far behind the general recovery which was just commencing to be felt in this country, and a special committee on housing was set up. We are indebted to that committee for some very valuable findings of fact:

1. At that time over $60,000,000 annually was being spent to maintain the building trades in idleness. Over sixty per cent of our then unemployed were dependent upon the building trades for employment.

2. We had a shortage at that time in Canada of over 55,000 houses. That shortage has since grown to over 80,000.

The records of the bureau of statistics as to house building confirm these figures. I take first a long ten-year period in order to determine if possible the normal annual house-building needs of Canada. I have actual figures of the yearly construction of houses during the period from 1921 to 1930, and I ask leave to put these figures on the record without taking the time of the house to read them.

Mr. SPEAKER: The hon. member can do so only with the unanimous consent of the house.

Some hon. MEMBERS: Agreed.

Mr. CLEAVER:

House Construction in Canada
1921-1930 Inclusive

1921	$ 76,655,000
1922	104,202,000
1923	97,645,000
1924	91,225,000
1925	96,490,000
1926	109,562,000
1927	124,940,000
1928	139,166,000
1929	128,901,000
1930	93,292,000
Total	$1,062,078,000

From these figures it will be seen that the yearly average of house-building during this period was $106,207,800. These figures I submit establish conclusively the fact that our normal quota of house-building in order to keep up with our normal demands should be rather better than $100,000,000 worth annually.

Coming to the period of the depression and succeeding years we have the following figures for 1931 to 1938:

1931	$ 81,684,000
1932	28,893,000
1933	23,930,000
1934	30,588,000
1935	36,409,000
1936	42,858,000
1937	56,207,000
1938	55,025,000
Total	$355,594,000

Yearly average, $44,449,000.

It is therefore perfectly obvious that during the last eight years we have been building less than half our normal housing requirements.

[Mr. Cleaver.]

The present house shortage is not as apparent as it would be under normal conditions, on account of unemployed people being forced to live under very crowded conditions. At the time this special committee sat to investigate the housing problem we had over 11,000 people living in one room per family. Just imagine, one room per family to live in, eat in and sleep in. Other thousands of our people were doubled up two and three families in a house. Figures as to this condition for all Canada are not available, but the city of Toronto took a census, and in that city alone it was found that over 8,500 families were living two and three families to a house. People do not voluntarily live under such conditions and just as soon as men regain employment they will demand homes of their own, and we shall not have the houses for them.

I need not draw attention to the fact that such crowded living conditions are not conducive to good health, nor are they conducive to good citizenship.

Turning again to the report of the committee we find figures as to infant mortality. For 1933 the infant mortality rate for the entire city of Toronto was 6·34 per cent of the births occurring there in that year. In comparison with that figure take one of the crowded areas of the city, the Moss Park division of ward 2, where the infant mortality rate was double the rate for the entire city. And this high mortality rate caused by overcrowding is not confined to infants; it applies to adults as well. Figures for Canada apparently were not available, but the committee in its report gave the figures for the city of Glasgow. In Glasgow where families were living under crowded conditions, one family to a room, the death rate was 2·59 per cent, whereas when families were living under normal conditions for that city of four rooms to a family the rate was only 1·08 per cent, or less than half. I shall not weary the house with crime figures, other than to say that in the crowded areas the crime percentages are simply appalling, over the entire field of crime, from murder down to juvenile delinquency.

Now when we required the houses and when we were spending $60,000,000 annually to maintain the building trades in idleness it seemed to me nothing short of sheer folly to do nothing about it. In 1936 I felt that something should be done, that we should at least spend some of the $60,000,000, that we were spending to maintain builders in idleness, to stimulate the building industry and put the men to work. I so intimated in 1936, but

received very little support at Ottawa. So I went back to Burlington, my home town, and discussed the matter with our municipal council. Burlington is at the head of lake Ontario, and has about 3,500 inhabitants. Burlington decided to try a modest scheme of bonusing house building. Like every urban municipality in Canada Burlington had hundreds of vacant lots to which the municipality had obtained title through tax sales. Some of the lots had been worth $600 to $800 each in normal times, but we decided to give them away for $50 to anyone who would build a house of specified value within one year. As a result of this plan nineteen new houses were built in Burlington in 1937. During the preceding six years only four houses had been built in the town, an average of less than one a year. Hon. members can thus see what we were able to do by just a little bit of stimulus or bonus to the house building trade.

Eighty per cent of the cost of every house of moderate price is labour, direct or indirect. This figure was definitely ascertained and reported on by the committee in its 1935 report. The direct labour is that employed where the house is built; the indirect labour is that employed in the manufacture and fabrication of building materials to the point where they can be used in construction. I refer to the labour employed in the manufacture of bricks, lumber, flooring, sash and doors, trim, plaster, hardware, plumbing supplies and the like. Hon. members will see that this little experiment of ours meant $72,000 worth of new payroll expended somewhere in Canada. Or, expressed in human terms, we put ninety men to work in profitable employment at $800 a year, and I take that figure because that is the average sum paid to wage earners employed in the building trades, according to the bureau of statistics.

Let us look now at the tax results in Burlington. We not only took men off the relief rolls and consequently reduced our relief expenditures, making a saving to the taxpayers in that regard, but in addition Burlington is receiving every year about $2,499 in new tax money from the houses which were built in 1937. It is true that we had to write off between four and five thousand dollars of tax arrears on the vacant lots which we gave away in 1937 but who will say it was not good business? And this reduction in taxation, this improvement in conditions in a municipality, leads to still further building. In 1938 we went further still; in our little town we had twenty-four new houses built, and right now, in midwinter, there are six houses under construction, with twelve further sales completed ready for construction to commence in the spring.

I have given our experience in Burlington to show what can be done, and now I should like to discuss the matter from a national standpoint. If we could increase house building in Canada even to our normal requirements, without overtaking any of the eighty thousand houses we are behind, it would mean an annual increase of $50,000,000 a year. Expressed in wage rolls it would mean an annual increase of $40,000,000, and expressed in human terms it would mean fifty thousand men taken off relief and put to profitable employment at $800 a year. I should like to place on record also at this time the all-inclusive figures of the construction trade. Up to this moment I have been dealing simply with housing construction. Taking the same ten year period from 1921 to 1930, the figures are as follows:

1921	$ 240,133,000
1922	331,843,000
1923	314,254,000
1924	276,261,000
1925	297,973,000
1926	372,948,000
1927	418,952,000
1928	472,033,000
1929	576,652,000
1930	457,000,000
Total	$3,758,049,000

The yearly all-over average on construction work in Canada during that period was $375,804,000. Again taking the eight year period of the depression and the years following, that is, from 1931 to 1938, the figures are as follows:

1931	$ 315,482,000
1932	132,872,000
1933	97,290,000
1934	125,812,000
1935	160,305,000
1936	162,588,000
1937	224,057,000
1938	188,277,000
Total	$1,406,683,000

During that period the yearly average was only $175,835,000. In other words from these figures it is clear that over the whole construction field we are down about two billion dollars annually. If all the construction trades could be brought back simply to normal, without catching up on the slack at all, we would add 125,000 men to our employment lists and would take that many men off the relief rolls. That figure is made up in this way: $50,000,000 worth of additional house building, with an eighty per cent labour content, would mean 50,000 men put to work. Then $150,000,000 of additional industrial, business and engineering construction work, with a forty per cent labour content, would put 75,000 men to work, or a grand total of 125,000 men.

This government has gone perhaps as far as it should at present to stimulate personal endeavour in industry. (1) The government has taken off the eight per cent sales tax on all building material. (2) It has granted a tax subsidy with respect to all new homes costing $4,000 or less, built in municipalities which have qualified under part 3 of the act by making $50 lots available to builders in reasonable quantities. (3) It has made loans available in almost all communities, to all credit-worthy people who wish to build. (4) It has made two per cent money available as an indirect attack on our slum problem. The rest, Mr. Speaker, I submit is up to us, and just to show how badly we private members of this house have fallen down in our part of the responsibility I want to give the figures of the municipalities which have qualified for the tax subsidy under part 3 of the act. That legislation has been in force now for seven months. Yesterday I received from the Department of Finance a letter in which the figures as to the municipalities which have qualified to date for this tax subsidy were given as follows:

Nova Scotia	4
New Brunswick	1
Quebec	0
Ontario	12
Manitoba	4
Saskatchewan	5
Alberta	5
British Columbia	2

In other words we have a grand total of 33 municipalities out of 4,346 municipalities in Canada. I submit that this constitutes a direct challenge to every member of this house to take off his coat and go to work. It is time, I suggest, that we stop criticizing the Minister of Labour (Mr. Rogers) for what he has done or has not done, and assume some of the responsibility ourselves. In my riding I have found that better results can be obtained when politics are removed and when prominent Conservatives join with prominent Liberals in these meetings. Councillor Rennie of Burlington, who is president of the Conservative association, deserves a great deal of the credit for what we have been able to do in that town, and I am glad to take this opportunity of acknowledging that fact. He has also gone with me to address meetings throughout the riding in connection with the housing question. My good friend the hon. member for Peel (Mr. Graydon) is joining me at Georgetown at a meeting soon to be held there in order to discuss this matter, and I in turn am quite prepared to go with him to any part of his riding for the same purpose. If the members of this house could only become sufficiently interested to pull their weight in connection with this problem, what a refreshing thing it would be!

I am firmly convinced that one of the strongest forces retarding recovery in Canada to-day is fear. If all hon. members of this house would call a political truce in discussing our problem of unemployment—

Miss MACPHAIL: And every other problem.

Mr. CLEAVER: I agree—and present a united front to combat unemployment, I believe that very substantial and very lasting results could be obtained. So far as I am personally concerned I am quite willing that the Conservative party or any other party should have all the credit for curing unemployment in this country as long as all our people are put to work. I do not know of any sadder thing in human experience than to see a father of young children denied the right to earn for himself and his family an honest living through his toil. In my opinion present living conditions in Canada are a challenge to our Christian civilization. Are hon. members going to accept that challenge and do their part to help, or are they going to content themselves with simply criticizing those who are trying to do their best?

Hon. J. EARL LAWSON (York South): Mr. Speaker, in speaking the other night on the order before the house the hon. member for Brant (Mr. Wood) referred to the triplet of defeated candidates for the Conservative leadership who were sitting in support of the new leader of the official opposition. I desire to take this opportunity to assure the hon. member for Brant that he will find those triplets not merely sitting in support of the new leader of the official opposition, but loyally and actively supporting his cause, particularly because he has those very human qualities of friendship and understanding which endear him to all members of the National Conservative party which he has the honour to lead.

With respect to the leader of the opposition may I heartily endorse what has been said in the house by the other two of the triplets. I suggest to the hon. member for Brant that in his observations he missed something; he failed to observe that there were five candidates for the leadership of the National Conservative party. Now that the hon. member who has the honour to lead the party has been chosen, he is attracting to the National Conservative party more votes than the famous quintuplets are attracting tourists to Callander. If any further evidence were required as to the forward march of the National Conservative party I would quote

from the writings in 1927 of a Liberal member of the house. The article was written on the eve of the Conservative convention held in Winnipeg in 1927. After the hon. member had outlined the causes as he saw them for the former defeat of the Conservative party, he then proceeded as follows:

> Now, as I have outlined the causes of defeat of Toryism wherein lies the remedy? Soft words butter no parsnips. More people perish from fear of the scalpel than from septicaemia. The remedy must be heroic. Toryism cannot play both ends against the middle and win. The way to tolerance is the road to understanding. Wisdom must come to Toryism before the people think of giving it power. It should prove its fate by selecting as its leader one from the province of Quebec, a Canadian of French origin, and a Roman Catholic in religion.

Well, Mr. Speaker, the new leader of the National Conservative party has nearly all those qualifications. And who, do you think, was the hon. member of the house who uttered those prophetic words?—none other than the hon. member for North Huron (Mr. Deachman). So for once in my life I find myself in agreement with the hon. member in that the Conservative party is on the road to power following the next election.

I was indeed disappointed when I listened to the speech from the throne, because I fully anticipated that in view of the developments last year before the special committee of the house on radio, and in view of the public outcry there has been against the administration of radio and the functioning of the bureaucracy of the broadcasting corporation, the government in the meantime would have devised and proposed some measure to deal with the situation.

By reason of temporary illness I was not present in the house when the discussion with respect to prohibiting Mr. McCullagh from expressing his views over the air with respect to national problems was at its height. On this occasion I have no intention of repeating any of the arguments so ably made on that occasion by other hon. members. I could not however but be impressed by the absurdity of the position taken by the Canadian Broadcasting Corporation and the government in defence of the bureaucratic and undemocratic attitude in respect of the administration of radio. I for one will not allow the Prime Minister (Mr. Mackenzie King) to create a false impression in the country through the resounding declaration he made in the house that the government proposes to give the people's representatives in parliament an opportunity to deal with the situation. In reply to some speeches which had been made the Prime Minister said a committee of the house would be set up to consider the subject matter, and he went on to say:

> Every opportunity will be given hon. gentlemen opposite to name their members on that committee.

What a concession! Was there ever a time in the history of this supposedly democratic institution of parliament when the respective parties in the house were not given the opportunity of naming members who should represent them on any committee of the house? The Prime Minister went on further:

> An opportunity will be given to the committee to call the general manager, the governors and any others connected with the corporation, and they may go very fully into all the rules and regulations which have been drawn up.

What a privilege is being granted by the Prime Minister! Think of the absurdity of setting up a committee of the house to inquire into the action of a government-created body, and to be allowed no evidence and no witnesses except those who compose the very body with respect to which the inquiry is being held. At least in the words of the declaration of the Prime Minister this session as spokesman for the government he has been more frank with hon. members and the people of the country than he was last session when a similar committee was set up. At least on this occasion by his words he lets us know in advance that the committee is to be a glorified whitewash brush for the purpose of whitewashing the administration of the radio corporation and the government. To accomplish that purpose last session it was necessary to rely upon his Liberal supporters in the house who were members of the radio committee to do the whitewashing job. I propose to take a few minutes to demonstrate what was done at the last session.

On February 7, 1938, it was ordered by the house that the select committee on radio broadcasting appointed to consider the annual report of the Canadian Broadcasting Corporation be empowered to examine and inquire into all such matters and things as may be referred to them by the house, and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records. I ask you to note the lack of limitation so far as the order of the house was concerned as to what persons, papers and records might be sent for. On the face of it the committee had wide power to send for persons, papers and records. Now let us see what happened.

The very first witness called before the committee was Mr. Brockington, K.C., chairman of the board of governors of the Canadian Broadcasting Corporation. He proceeded in his evidence with a sticky laudation of the Minister of Transport (Mr. Howe) and of the present government, and then he pur-

ported to read what he alleged to be an excerpt from the minutes of the Canadian Broadcasting Corporation, which excerpt declared, in part, the intention and the policy of the government with respect to radio.

After Mr. Brockington had finished his evidence I asked that the minutes of the Canadian Broadcasting Corporation be filed with the committee and be available to its members. Who do you think was the first hon. member of this house to object to our having access to the minutes? The Minister of Transport himself. To permit a witness to read an excerpt from a document and not allow the inquiring tribunal to have access to that document is so offensive to every principle of British justice that I insisted that the committee be put on record in connection therewith, and so I moved, seconded by my colleague from Fraser Valley (Mr. Barber):

That the minutes of the meetings of the board of governors be filed by the governors with the clerk of the committee for the information of the members of the committee and be made available to members of the committee.

That motion was defeated by a vote of nine to two. Let me read to you, Mr. Speaker, the names of the hon. members of this house who voted against that motion and made it impossible for the committee to have access to the minutes of the broadcasting corporation. They were the hon. member for Ottawa West (Mr. Ahearn), a Liberal member supporting the government in this house; the hon. member for Laurier (Mr. Bertrand), a Liberal member supporting the government in this house; the hon. member for Chambly-Rouville (Mr. Dupuis), a Liberal member supporting the government in this house; the hon. member for Spadina, a riding in the city of Toronto (Mr. Factor), a Liberal member supporting the government in this house; the hon. member for Algoma West (Mr. Hamilton), a Liberal member supporting the government in this house; the hon. member for Port Arthur (Mr. Howe)—the hon. Minister of Transport, the responsible minister of the crown; the hon. member for Bow River (Mr. Johnston); the hon. member for Neepawa (Mr. MacKenzie), a Liberal member supporting the government in this house; and last but not least the hon. member for Cariboo (Mr. Turgeon), officially the assistant whip of the Liberal party in the House of Commons.

Those who voted in favour of the motion were my colleague, the hon. member for Fraser Valley (Mr. Barber), a Conservative member, and I.

[Mr. Lawson.]

Again I call attention to the fact that the order of this house gave power to the committee to send for papers and records.

Mr. FACTOR: May I ask the hon. member a question?

Mr. LAWSON: Yes.

Mr. FACTOR: Did not the order of reference limit us to investigating financial and other operations of the Canadian Broadcasting Corporation?

Mr. LAWSON: I shall deal with that at some later stage. I should like to do it now but my time is limited. While the question is on my mind, let me say to my hon. friend that there was nothing more important before that committee than the finances of the Canadian Broadcasting Corporation, because it was proposed to increase the licence fees payable by the people of this country from $2 to $2.50, and to make them pay a separate licence for each radio set.

The order of reference gave us the widest power to call for persons, papers and records. I ask, how could evidence be obtained as to whether or not the radio fees should be increased against the taxpayers if no evidence was allowed except that of those who are in the pay of the broadcasting corporation?

But the matter did not end there. After the committee had listened at every sitting to the board of governors of the broadcasting corporation, to the general manager, the program director, and all those who were most interested in supporting the very system and the very administration which the committee was appointed to investigate, the chairman of the committee, the hon. member for Provencher (Mr. Beaubien), a Liberal member supporting the government in this house, proposed to close off the inquiry and to draw up a report. I pointed out to the committee that opportunity should be given to hear from those who had knowledge of broadcasting and who were not in the pay of the government. I took occasion to point out to the committee its position in these words:

I again say that this committee is not in a position to judge whether the expenditure proposed by the Canadian Broadcasting Corporation for the development of radio, and by reason of that expenditure—therefore the necessary increase in licence fees is justifiable or otherwise when we have only had the opportunity of hearing one side of the case.

Several excuses were offered by members of the committee, who by the way were not Conservative members, to prevent other evidence being called; hence I moved:

That the chairman or president of the broadcasting association of Canada be requested to

appear at his own expense before this committee as a witness, with respect to the subject matter of the order of reference to this committee.

To the hon. member for Essex East (Mr. Martin) went the distinction of objecting to that motion, the hon. member for Essex East also being a Liberal member supporting the government in this house. The hon. member is qualified as a lawyer, and the plain wording of the order of this house was that we had power to send for persons, papers and records.

Mr. MARTIN: Will the hon. member permit a question?

Mr. LAWSON: I am sorry I cannot, because I should not be able to finish my speech unless the house granted me unlimited time, in which event of course I should be delighted to answer any questions.

Nevertheless, despite the wording of the order of reference, the chairman of the committee, the Liberal member for Provencher, ruled that my motion was out of order. And so again we forced it to a vote, and this time the ruling which prevented us from calling any other witness was sustained by six to two. Let me read you the names of the members who supported the chairman in his ruling: the hon. member for Kamouraska (Mr. Bouchard), a Liberal member supporting the government in this house; the hon. member for Spadina, a Liberal member supporting the government in this house; the hon. member for Algoma West, a Liberal member supporting the government in this house; the hon. member for Victoria-Carleton (Mr. Patterson), a Liberal member supporting the government in this house; and the hon. member for Essex East (Mr. Martin), also a Liberal member supporting the government in this house. Those who voted for the privilege of calling witnesses other than officers of the broadcasting corporation were the late lamented Mr. Alex. Edwards, then the hon. member for Waterloo South, a Conservative, and I.

In these circumstances I retired from the committee and refused to attend any further sittings to draw up a report, as a protest against the steam roller tactics adopted by the supporters of this government in that committee. Then imagine my surprise as I read that in this house the Minister of Transport had the effrontery in making a speech here to declare—

Mr. BEAUBIEN: Mr. Speaker, before the hon. gentleman—

Mr. LAWSON: —that a committee of this parliament—

Mr. BEAUBIEN: Mr. Speaker—

Mr. LAWSON: I trust, Mr. Speaker, that this will all be deducted from my time.

Mr. BEAUBIEN: May I ask the hon. member a question?

Mr. LAWSON: If it comes off my time, I shall be delighted.

Mr. BEAUBIEN: I just want to ask a question. If the hon. member does not want to—

Mr. LAWSON: A number of hon. members want to ask me questions.

Mr. BEAUBIEN: Was not the hon. member aware that he could make a motion to have the order of reference enlarged, which he did not do?

Mr. LAWSON: Whether an hon. gentleman had knowledge that he could move to have it enlarged has nothing to do with the subject matter. It was down towards the end of the session. The order was already—

Mr. BEAUBIEN: The hon. member had the privilege, just the same.

Mr. LAWSON: Wait a minute, now. The order was already on the order paper. The order which had already been made by this house was as wide in its terms as it was possible to be. There were no limitations on it. If we had come back to this house we should have been met with the declaration that the order was as wide as it could be and there was no necessity of amending it.

When I was interrupted I was saying that I was amazed at the effrontery of the Minister of Transport when, speaking on the subject of radio in the house this session, he intimated by his words that any committee appointed by this house this session would be, as in the past, unanimous in making its recommendations and supporting the Canadian Broadcasting Corporation.

Mr. HOWE: On a point of order, may I ask the hon. gentleman to read what I said?

Mr. LAWSON: I was just going to do that. The Minister of Transport has not been here long enough to learn that I never make a statement without backing it up with a quotation. The minister, dealing with the appointment of the committee, said that the committee would be appointed and that—

> A committee of this parliament will at this session examine the policies of the Canadian Broadcasting Corporation and report on their wisdom. I have no personal doubt that, as in the past, the report of that committee will be unanimous and an endorsement of the present Canadian Broadcasting Corporation policies including those now under discussion.

Well, Mr. Speaker, the committee's reports were not unanimous in the past. It was

not unanimous last year; and one of the policies then under discussion was that of preventing a responsible citizen of this country from having access to the air to express his views.

I observe that the other evening the hon. member for Victoria (Mr. McNevin) stated that I had retired from the radio committee last year for political purposes. I reply to him, we shall take good care that in the next election the facts and circumstances which I have to-day recorded in this house will be brought to the attention of his constituents, and we will let them decide who has been playing with the radio committee in this house for political purposes.

The minister indicated to the house that one of the reasons for refusing chain broadcasting to an individual who was willing to pay therefor was that to do so gave a preference to wealth to express its views as against one who had views to express and who, being poor, had not the same opportunity. So the people believe that the government and the Canadian Broadcasting Corporation, in view of their present performance, are sincere in that demagogic declaration of policy? Let me call your attention to some facts. Mr. McCullagh, having been refused a chain of stations over which to broadcast his views, because of wealth, has been able to circumvent the principles laid down by the Canadian Broadcasting Corporation and this government, by the use of more wealth, by having recorded each week on separate individual records what he proposes to say the following Sunday and then shipping them all over the country, paying the customary shipping charges, to separate individual broadcasting stations where they are run the following Sunday afternoon.

Mr. MICHAUD: That defeats the hon. member's argument.

Mr. LAWSON: Oh, no.

Mr. MICHAUD: Oh yes, it does.

Mr. LAWSON: Not a bit of it. I am testing the sincerity of the government in their declaration.

Mr. HOWE: Will my hon. friend explain what the government has to do with it?

Mr. LAWSON: Well, yes; I will try. And again I am being thrown off my argument. I was going to deal with it in due course. In the first place the Canadian Broadcasting Corporation was created by this government.

Mr. MICHAUD: By the house.

Mr. HOWE: By parliament.

[Mr. Lawson.]

Mr. LAWSON: Oh, that is an old song, an old story. Every time anything happens it is done by parliament. How is it possible to put anything through this house that has not the approval of the government, with its one hundred and seventy-odd members out of a total of two hundred and forty-five—

Mr. HOWE: It had the unanimous approval of parliament.

Mr. LAWSON: —which the people of this country returned in 1935; and they have been regretting it ever since. I should like to come back to this point a little later.

An hon. MEMBER: What about the pension commission?

Mr. SPEAKER: Order.

Mr. LAWSON: Mr. Speaker, I only wish I had your assurance that you would extend my time. I should like to deal with these gentlemen who are interrupting.

To come back to my point: Mr. McCullagh desires to broadcast his opinions to the people of Canada. The Canadian Broadcasting Corporation and the government—I will come later to why the government is in it—in effect say to Mr. McCullagh: "You cannot do it, because we will not allow you to broadcast over more than one station at a time by means of a connecting wire running from one station to another across the country." The truth of the matter is that Mr. McCullagh has made a farce of the Canadian Broadcasting Corporation regulations—and these regulations and by-laws must be approved by this government—and a farce of the government, because it lacks the courage and the backbone to stand for that which it declared to be a sound principle; it fails to take any action to prevent those regulations from being circumvented. The government has awakened to a realization of the fact that the people of this country will no longer tolerate the curtailment of free speech, and the government has neither the courage to carry out its declared principle and intention, nor the grace to admit its mistakes.

I for one am not grieving about Mr. McCullagh making a monkey out of the Canadian Broadcasting Corporation and this government, because I think that for the first time since 1935 they have been put in the exact category to which they belong. But I tell you what I do object to. One of the fundamental principles of any democratic system is that if you have a law you enforce that law irrespective of whether the one who is evading it is a newspaper publisher or the poorest man on the street. And when this government and the Canadian Broadcasting

Corporation permit an evasion of any principle which they have laid down in rules and regulations, they are inculcating in the mind of the public a disrespect for the laws of democracy and destroying a fundamental principle of that democracy.

But the issue between Mr. McCullagh and the Canadian Broadcasting Corporation is by no means an isolated instance of the discriminatory, bureaucratic and indefensible attitude of the corporation. Let me give you one or two others.

In 1937 I had occasion to rise in my place in this house and to protest against a Protestant minister being put off the air because of sermons which he was preaching, and in some parts of the country I was accused of bigotry and prejudice. Well, by a strange turn of the wheel of fortune I rise on this occasion in defence of a Roman Catholic priest, because the same principle applies. Father Lanphier in Toronto was recently banned from the air because he delivered a sermon against communism on a Sunday when a communist candidate was running for election on the following day, Monday.

Mr. MARTIN: That was not the reason.

Mr. LAWSON: That was the reason set out by the Canadian Broadcasting Corporation.

Mr. MARTIN: Read the reason.

An hon. MEMBER: Oh, no; it was not the reason.

Mr. LAWSON: I raise no objection to that. I wish I had time—

Mr. HOWE: Go right along.

An hon. MEMBER: Take all the time you want.

Mr. MICHAUD: Take your time.

Mr. LAWSON: The constant interruption of my hon. friends puts me very much in mind of a small boy who sat beside me in school in the days when we sat two at a desk.

Mr. MICHAUD: You are wasting your time now.

Mr. LAWSON: I am surprised at the lack of dignity on the part of the Minister of Fisheries (Mr. Michaud).

Mr. MICHAUD: Well!

Mr. LAWSON: This boy had a boil on a part of his anatomy which I need not mention, and I noticed that any time I touched that boil he set up a terrible howl. I think my hon. friends are very much in the same position to-day in view of their action with respect to the radio. But to come back to what I was saying.

Mr. MICHAUD: Very dignified, for an ex-minister.

Mr. LAWSON: I am not protesting against Father Lanphier being banned from the air on this occasion for a specific breach of a specific regulation. In fact, I congratulate the Canadian Broadcasting Corporation upon its common sense in last week reestablishing him on the air after one month's penalty for a breach of that specific regulation. But I observed that Father Lanphier made the statement that he was not returning to the air until certain terms and conditions were settled with the Canadian Broadcasting Corporation. Now it is with respect to that business of terms and conditions that I wish to protest.

Father Lanphier was previously prohibited the use of the air by the Canadian Broadcasting Corporation, and I read the reasons they gave for that prohibition—no, excuse me. He was prohibited from the air and subsequently reinstated after representations were made by the radio league of St. Michael's church, Toronto, and this was the promise exacted from Father Lanphier by the Canadian Broadcasting Corporation before he was permitted to return to the air: That he, Father Lanphier, would confine himself in his broadcasts purely to religious subjects and avoid politics and controversial theories in economics. Well, if Father Lanphier, because he is a religious teacher, is not to be allowed to broadcast in his sermons matters touching upon politics and controversial theories in economics, then I ask, why has the Canadian Broadcasting Corporation permitted my friends of the Social Credit party to broadcast for the past two years in the province of Alberta? Let us look facts in the face. Social credit was first introduced and sold to the people of Alberta from the pulpit or platform of the Prophetic Bible Institute, and for the last two years addresses have been broadcast almost every Sunday by Mr. Aberhart or by the provincial secretary of Alberta, addresses which are mixing up general politics and controversial theories in economics. I am not saying a word in the way of criticism. I am trying to defend the principle of their being permitted, and to stop the gagging of people in this country who wish to use the air and the facilities of the radio.

My hon. friend wanted to know why I said the government was responsible. I will tell him why. In the first place, the government, or this parliament if you will, created the Canadian Broadcasting Corporation when it fixed its powers by statute, and its by-laws have to be approved by the government. And did not Mr. Brockington, when he was before the committee, as I previously stated to-day,

tell us that the Minister of Transport attended the first meeting of the governors of the corporation and informed them what the policy of the government was with respect to broadcasting? As this government created the Canadian Broadcasting Corporation, so it can alter the powers of that body by limitations upon it, or destroy it if it so desires, by the introduction of legislation in this parliament; and I say that this government cannot absolve itself from and dodge its responsibility by taking the attitude that has been taken in this house on more than one occasion, on one occasion at any rate, by the Minister of Transport, namely, that the government has no responsibility for the Canadian Broadcasting Corporation and metaphorically washes its hands of all responsibility. It does that every time public pressure becomes too great.

A certain gentleman, Mr. Speaker, tried that same tactic nineteen hundred years ago. Pontius Pilate, charged with the responsibility of pronouncing judgment upon the greatest man who ever inhabited the earth, literally sent for a basin of water and washed his hands because he had not the courage to do his duty and discharge his responsibility. He has gone down through nineteen hundred years of history as a horrible example of refusal to discharge responsibility. I leave it to this government to decide the position it will occupy in the future history of Canada.

In the rest of the time at my disposal I wish to deal with one reference that is contained in the speech from the throne. The speech states:

> Legislation will be introduced to establish a defence purchasing board with power to purchase equipment for the defence services and to ensure that, where private manufacture is necessary, profits in connection with such are fair and reasonable and that the public interest is protected.

I presume that the proposed legislation is the result of the recommendation of the royal commissioner who investigated a private contract entered into between this government and a gentleman by the name of Mr. Hahn, which is popularly known as the Bren gun contract. I believe there are sharp differences of opinion in this country on the question whether or not all instruments and munitions of war should be made by the government in government arsenals and factories, or should be made by private industry. There are those who believe that no profit should be made out of instruments or munitions of war and that therefore they should be manufactured by the government in government arsenals. There are those who believe that if they are manufactured by the government you will not get efficiency, and such people say that the only way to get efficiency is by the competitive system. I believe all people are agreed that there should be no profiteering in munitions or instruments of war. Well, that raises several questions. If they are to be produced by private industry, what measure of profit is to be allowed? If they are to be produced by government, what is the measure of cost? If they are to be produced by private industry, what manufacturers are to be given the preference? Are contracts to be awarded to the lowest bidder under sealed tenders, irrespective of what plant or equipment he may have available? If the contracts are not to go to the lowest bidder under sealed tenders, how on earth are you ever going to prevent political patronage?

I have a suggestion to offer to this government and the country. We have a railway problem. Every year the taxpayers are called upon to put up between $40,000,000 and $50,000,000 to pay the deficits of the Canadian National Railways. I believe there is a sincere desire on the part of all thoughtful men to reduce deficits and thereby reduce taxation. One factor contributing to the large deficits of the Canadian National Railways is the overhead on idle shops, factories and plants. I want to recount the shops which at the time of formation of the Canadian National Railways were available in the central region alone—I have not time to go all across Canada. In the central region there were at the time of formation six shops. One was at St. Malo, near Quebec city, with, capacity for 1,000 men per shift employed in repair and construction. Another was at Point St. Charles, near Montreal, owned by the old Grand Trunk. Another was at Stratford, Ontario, also owned by the old Grand Trunk, and another at Leaside, near the city of Toronto, owned by the Canadian Northern. The plant at Leaside I believe has capacity for about 1,000 men per shift. Then there was a shop at London owned by the old Grand Trunk, and one at Joliette, Quebec, owned by the old Canadian Northern. My information is that the shop at Joliette is completely closed and idle, that the one at Leaside is used only for the repair of steel freight cars, and the one at London for the repair of steel passenger cars. None of these shops is operating at anything like capacity. Each is equipped with lathes and much machinery which I am told would be useful in the manufacture of instruments of defence. The Canadian National has available, and I assume the other railway also has, large staffs of expert mechanics, most of whom are suffering from lack of employment and many of whom are on relief rolls.

Mr. HOWE: Has my hon. friend any proof that railway shop men are on the relief rolls? Give me one example. There is a dearth of skilled men in this country to-day.

Mr. LAWSON: I frankly admit that I have no proof. I know this, that by reason of the recent change, whereby instead of car repair men getting so many hours' work a week, full time is worked now by some on the basis of seniority, a great many men who are not high enough in the line of seniority do not get any work at all.

Mr. HOWE: From the railway.

Mr. LAWSON: From the railway is what I am talking about. That condition exists in the riding adjacent to mine, which I previously represented.

I have only a few minutes left and so must hurry on. Why not have our munitions and defence equipment manufactured as far as possible in our railway shops, on a basis of cost of material and wages plus a fair return for plant, machinery and overhead? This would assist in relieving the burden of taxation upon the taxpayers and in providng employment for that army of skilled mechanics who depend upon the railways for work.

I do not want to discuss the Bren gun report at this time, but it was on a cost plus basis. If the Bren contract was an improvident one, then we should have no more like it. If it was a prudent contract, how much more prudent it would be to give that work to our railways on a similar cost plus basis so as to relieve the burden of taxation and provide employment for skilled railway mechanics. I regret I have not the necessary technical knowledge to determine the extent to which the idle plant of the railways could be utilized, or the benefits which would be obtained by the taxpayers, or the number of skilled mechanics who would be provided for. But I am satisfied from inquiries I have made that the scheme is feasible.

Now, sir, a young newspaper publisher, an energetic young business man, to whose radio addresses I have previously referred, has intimated that our public men to-day are sadly lacking in concrete proposals to solve our national problems. It is to these we should apply ourselves, instead of spending our time, as he says, in playing the game of party politics. I put it to the government and the members of this house: Let us accept that challenge. If the government want to make a contribution to the solution, or at any rate partial solution of some of Canada's problems, why not set up a committee to study the feasibility and advantages of the scheme I have just outlined? I am confident that such efforts on our part would be a great deal more advantageous than anything produced as a result of the time now spent by committees in studying abstract questions which will not in this country call for practical action for ten years to come.

Mr. J. A. BONNIER (St. Henry) (Translation): Mr. Speaker, my first duty is to congratulate the hon. member for Brandon (Mr. Matthews) who proposed and the hon. member for Stormont (Mr. Chevrier) who seconded the address in reply to the speech from the throne. The seconder is a young man whom I met some twelve years ago during a trip to Europe. His courtesy and dignified manner impressed me. Meeting him again twelve years later as a fellow-member of the house, my opinion of him has not changed. The passing years have not taken from him any of the qualities which led me to the first opinion I formed of him. He has a bright future before him. He is certainly destined to replace the old fighters who have so long worked for the welfare of the country. These men are wearing themselves out, and when exhaustion forces them to lay down their arms it is men like the hon. member for Stormont who will worthily replace them.

I am astonished at the lack of solicitude for Montreal shown by the hon. member for Mount Royal (Mr. Walsh). It is a strange thing indeed to object to the improvement of one's own city. What can be the reason of the hon. member's objection to the construction of a terminal for the Canadian National Railways? He should at least admit that the project will be most useful inasmuch as it will provide work for citizens of Montreal at a time when everyone is anxious to do away with direct relief. But, apparently, he will criticize anything. Last year also he, no doubt, criticized public works allotted to my constituency.

I wish to thank the Minister of Public Works (Mr. Cardin) and the Secretary of State (Mr. Rinfret) for their assistance in obtaining works for my constituency. With their aid it was an easy task to convince the Minister of Transport (Mr. Howe) of the necessity of providing a population of about 50,000, trapped so to speak south of Lachine canal, with adequate means of reaching the centre of the city. The hon. member for Mount Royal again criticized the project. But the Minister of Transport readily saw the reasonableness of my request, made in my name as well as on behalf of the citizens of St. Henri, for an adequate outlet as in other parts of the city.

I take this opportunity also of expressing my gratitude to the minister of transport for having started the construction of a tunnel on St. Marguerite Street, and another at the corner of Notre-Dame and St. Ferdinand Streets, one of the spots where traffic is jammed, where tramways serving the west end of the city were constantly blocked and which badly needed such an improvement. I wish to thank the minister for his favourable treatment of our request. All those works are in progress, with the exception of the Lachine canal project. According to the engineers in charge of that project, the plans, on which they are working since the month of July, will soon be ready. Then tenders will be called, the contract will be given and the work started.

A railway terminal is also essential to a city of the size of Montreal and nobody is justified in criticizing that project. We should be proud of the metropolis of Canada. It is entitled to an adequate railway terminal as much as any other lesser city. Every citizen of Montreal should be glad of the improvements undertaken by the government in that connection.

Many hon. gentlemen opposite have had a good deal to say about our national debt. Is it not a fact, though, Mr. Speaker, that the Conservative party is solely responsible for the entire gross debt of the country? When the Laurier government went out of office in 1911, the debt stood at $350,000,000, which is the amount of the debt of Montreal to-day. But, between 1911 and 1921, the Conservative government added to that debt every year, until it reached approximately two billions.

Mr. WERMENLINGER: There is the war debt.

Mr. BONNIER: We are ready to discuss it. It is always said that for purposes of war nothing is too much. But war was made a business speculation. Such was the Conservative record at the close of the Great War. Between 1921 and 1930 the Liberals reduced the debt. They brought the sales tax down from 6 per cent to 1 per cent. But what did the Conservatives do when they came to power in 1930? They restored the sales tax to 6 per cent and increased the national debt by $800,000,000. Whenever the Conservatives take over the administration of the country they increase the debt.

The other great drain on our finances is the railway debt. It is an elephant indeed. But who left us this elephant? The Conservatives. Let not my hon. friends opposite complain of the debt. All I ask of them is not to seek to regain power in order to increase it still more.

[Mr. Bonnier.]

Mr. WERMENLINGER: Is the debt not increasing now?

Mr. BONNIER: Take our good province of Quebec which during 39 years of Liberal administration was the least indebted of all the provinces and the only solvent one. Under the present Union Nationale administration, which is a Conservative administration—for a party does not change its character by changing its name—the province is sinking deeper and deeper into debt, and the Liberal party, which will soon be returned to power, will have to restore the provincial finances.

Mr. Speaker, I now desire to discuss another subject, the National Housing Act, under which the government lends money at 2 per cent, in order to encourage house-building. This law works to the prejudice of owners of old buildings, who have had to borrow in the past and now have to pay 7 or 8 per cent and even more.

The government has already decided that it was illegal to lend money at a rate higher than 8 per cent. The small property-owners wish the government to go even further and declare it illegal to lend at a higher rate than 5 per cent. Such action would keep them from falling into the bankruptcy which threatens them. These small owners who after long years of hard work have managed to save enough money to build their own homes are faced with the loss of their property. I do not see anything to prevent the government from granting the request of these worthy citizens. I should be grateful for whatever can be done for them.

Mr. Speaker, I wish to record my opposition to all immigration at the present time. If those who sought to come to Canada were real farmers who would settle on lands awaiting cultivation, it would not be so bad. But it is well known that the Israelites—the Jews, as they are commonly called—cannot adapt themselves to farm life, and their admission in large numbers would simply increase the number of unemployed in our cities. For this reason I am strongly opposed to all Jewish immigration to Canada.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): Mr. Speaker, I want to join with the hon. member for Queens-Lunenburg (Mr. Kinley) in congratulating the government upon its reference to the fishing industry in the speech from the throne. The reference I have in mind reads:

> Continuous improvement in the position of the fishing industry as a whole has been reflected in annual increases for the past few years in the aggregate amounts received by the fishermen from their work. The Department of Fisheries have given and will continue

to give increased attention to the problem of marketing. The government have also assisted fishermen substantially through direct aid.

I have gone back over the records of speeches from the throne for a number of years, and I have found no reference to the fishing industry as such. This means that the present government has taken particular cognizance of the industry and is paying more attention to it than any other government has done. I can well remember the lack of interest shown in this particular industry by previous governments, particularly the Conservative government which held office between 1930 and 1935. In those years the Department of Fisheries was the neglected child in the federal family. It was carried from one doorstep to another, and apparently was considered more of a nuisance than an industry which required special attention and care.

First there was a minister, then an acting minister—and I think the word "acting" was particularly appropriate. We then had another acting minister and, finally, on the eve of the election, we had a minister. The record is interesting, and I shall place on *Hansard* the names of the officials I have just indicated. First there was the Hon. E. N. Rhodes, who was appointed August 12, 1930, and continued in office until February 2, 1932. He was followed by the Hon. Alfred Duranleau, a Minister of Marine who was appointed acting Minister of Fisheries on February 3, 1932, and held the office until November 16, 1934. He was followed by the Hon. Grote Stirling, a Minister of National Defence, who was appointed acting Minister of Fisheries on November 17, 1934, and held the office until August 13, 1935. Finally a real Minister of Fisheries was appointed on August 14, 1935, and held office until the resignation of the Bennett government on October 23, 1935. Therefore it was not surprising to us in the maritime provinces to hear the then Prime Minister say at Bridgewater just prior to the election, "I do not know what remedies should be applied to assist fishermen." I want to remind hon. members that when the present Minister of Fisheries (Mr. Michaud) took office there was nothing but lack of interest, lack of system and lack of policy in the department. The Department of Fisheries had been forgotten and abandoned, and as a result, particularly in the years 1933, 1934 and 1935, the fisheries were at their worst in the history of Canada. We had experienced five years of drifting, and nothing had been done.

On the other hand I have had occasion in the interests of my constituency to follow the ideas and the policies developed by the present minister and, in my opinion, no minister has been more attentive or more sympathetic, or has taken greater interest or been more anxious to help than the present Minister of Fisheries. There seem to be people, most of them sitting on the opposition benches, who are oblivious to the most commonplace things. They do not seem to see the things they do not like to see, unless their attention is directed to them specifically. With this in mind I propose briefly to survey what has been done by the Department of Fisheries since the present Liberal government took office in 1935.

First of all, an advertising program was inaugurated for the purpose of increasing the consumption and sale of fish. In this connection $175,000 was spent in 1936, $100,000 in 1937 and $150,000 in 1938. We obtained valuable concessions in the trade treaties with the United States. Make no mistake about this, that those concessions were brought about largely through the demands and the policies of and the interest taken by the department. I say that to a great extent this is so, and I shall speak in greater detail in regard to the treaty when it comes before the house for special consideration.

Then, there have been cooperative educational facilities, fish transportation facilities, and a certain amount of price fixing from certain areas. We have had assistance given to needy fishermen through loans with provinces. We have had a survey of markets, including Puerto Rico, Central and South America and Cuba. We have had assistance to needy fishermen by way of direct aid. We have had help in renovating gear and equipment. All these are new developments, so far as the Department of Fisheries is concerned, and they indicate a policy of direct help to the fishing industry. Certainly these activities indicate a change from the old policy of restriction and control to one of expansion and development. I want particularly to emphasize the fact that policies which have been in force for over half a century, in the manner I have indicated, are not changed easily or perhaps as quickly as we may wish. Vision and courage are needed to bring those changes about.

As a result of the measures I have just indicated, and the natural ability of the fisherman to look after himself, according to the last survey I have been able to obtain, namely that of October, 1938, we had in Canada only 529 fishermen in receipt of urban aid, to which the dominion government contributed. In Nova Scotia, out of 22,023 persons employed in the fishing industry there were only thirty-eight receiving through municipalities or provinces material aid to which the dominion government had con-

tributed a portion of the cost. I refer to aid to which contributions had been made by the federal government through the Department of Labour. I want it understood that I am not including in those figures the help which is given by municipalities or provinces and of which no records of total numbers are kept by various poor boards, overseers of the poor, or otherwise.

There is no doubt that the fishermen of Canada are the ones who to-day are showing the most resourcefulness and tenacity in the struggle for a livelihood. We who were born in the kingdom by the sea know and understand this quality and trait. The fisherman is always ready to gamble everything he has and to risk his life to provide for his family. But world trends and extreme conditions he cannot overcome, and I want to bring to the attention of the house an emergency situation which has arisen in my constituency where a helping hand must be extended to the fishermen.

I refer to conditions resulting from the storms on December 6 last, and subsequent days. The fishermen in my constituency depend largely upon catching lobsters by means of trap and gear, so-called, the season being from December 1 to June 1. The fishermen in large numbers equip themselves at the opening of the season with traps and gear, chiefly through credit extended to them by merchants and suppliers, and after they have earned money by way of their catch or otherwise, they repay their creditors. But in latter years credits have been more difficult to obtain, and last year in particular, merchants and suppliers found it very difficult to supply the lobster fishermen at the opening of the season.

That was the situation, and with the season opening on December 1, we had on December 6 a storm the like of which we have rarely seen in the maritimes. This was followed a few days later by another one. The storm came at a most unfortunate time; in some districts a large number of fishermen, as a result of the loss of their traps and gear, found themselves unable to earn a living and repay their creditors or to purchase new traps, and they had simply to go on as best they could with what was left, or stop altogether.

I visited different parts of the shore during the storms, and just to indicate the type of storm we have on the Atlantic coast, and this one in particular, at Port Maitland in my constituency I am sure the waves at high tide on the day I was there were breaking and throwing mist a height of at least one hundred feet. That was the type of storm which the fisherman's equipment had to stand up against, and as a result of the storm, lobster traps were drifting about and rolling along the shore everywhere in a tangled mass of traps and ropes and buoys. The loss in my constituency amounted to 44,440 traps, of an estimated value of between seventy and eighty thousand dollars. This of course, directly affected the livelihood of a large number of fishermen.

I should mention the fact that the Minister of Fisheries immediately asked for a survey of the conditions; he has shown great concern over the plight of the fishermen, and has been most anxious to cooperate. I appreciate some of the difficulties and obstacles in the way; but the fact still remains that a large number of the fishermen cannot re-equip themselves, and in western Nova Scotia a new situation has arisen. We have never before been in a position where we could not equip ourselves to carry on, which is the case at present with a large number of fishermen.

Our fishermen have resourcefulness, courage and pride that have enabled them in the past to keep off relief. One family would help another; one relative would help another, and the young would support the old, but I am sorry to say that these qualities have been sorely tried by this last catastrophe. Just to indicate that quality in our people, let me point out that for a population of some 150,000 from Halifax county west, this government has expended by way of direct delief less than $5,000 since 1930—a remarkable record and one that, I think, should be encouraged and serve as an example for other parts of Canada. My people have believed in toiling. They have believed in following the road of hard work rather than in branching off on the road of relief. They have believed in being able to manage and control their own livelihood, rather than in depending on welfare workers. They are proud of their independence, and are anxious to maintain themselves. All they need is the equipment with which to carry on their livelihood.

We are not asking for direct relief. What we are asking for is ways and means to enable our fishermen to earn a living so that they can keep themselves off the relief rolls. I have already said that the storms last December were extreme ones, and any help that is given would have to be considered absolutely exceptional because of the emergency. The conditions are so extreme that large numbers of our people cannot help themselves in the situation in which they find themselves to-day, and I therefore urge upon the government the necessity of finding a way to enable the towns

and the municipalities in my constituency to reestablish the fishermen who have suffered the losses I have indicated, so that once more they may be able to earn their own living instead of being forced to take direct relief. I think this assistance is necessary in addition to what has already been announced in the way of road work.

I have great confidence in the municipal officers in my constituency. I have had a great deal to do with various councils, and taking these municipal officers as a whole I believe that they are as good as any that can be found in Canada from the standpoint of an understanding and a knowledge of the people, and a sense of fairness and responsibility. I believe there are none better, and if the distribution were made through these officials there would be no delay and no extreme expenditure in investigation or distribution. Nor would there be any political patronage, and here I want to say that if any money is given, every dollar of it should go to the needy fishermen themselves; for the storm, like the dew from heaven, fell upon all of them alike, and all should be treated in a fair and equitable manner according to their necessities.

I do not suggest that cash be given out; I would suggest rather that materials be provided on the recommendation of municipal officials or municipal councils, and under the supervision of fishery officers for the different districts. I say the fishery officers should supervise this work because they have already made a detailed survey, and it is important that the situation be taken care of without any loss of time. I felt at one time that advances made should be by way of loans. I have become convinced that under existing conditions this is impossible, and that on account of the emergency situation and the exceptional circumstances the fishermen should be provided with equipment in the manner indicated, without obligation. With all the energy and seriousness at my command I ask the government to look upon this situation as an emergency and give relief to enable these people to carry on.

Passing from the question of fisheries, I think I should say something with regard to the remarks we have heard in some speeches in connection with the address in reply to the speech from the throne. I have listened to criticisms by my hon. friends in the opposition ranks. They referred to the lack of a program in the speech from the throne. They also criticized the government for its tariff policy, and they seemed to take a great deal of pleasure in dropping here and there a hint of disloyalty in the Liberal ranks. I want to remind them that they were once responsible for the preparation and planning of speeches from the throne. I think it well to examine these past addresses with a view of showing what they did, what policy they had when they were at the helm and were controlling the ship of state. Before doing that, however, it is wise and, I think, proper that we should realize what the situation was in 1930 and see what was said by the then opposition as to what they were going to do and what their policy was. I shall then go on and attempt to show what they did, what they admitted in the speeches from the throne that they could not do, and their lack of ability to cope with the situation in which they found themselves in contrast with what they promised the people before they were in power.

First, I think it is wise to refer to the principal speeches they made and the talk of the Conservative party all through the campaign.

> We pledge ourselves to a policy of protection for Canadians in the development of our natural resources, our agricultural and industrial life, and our consumers from exploitation.

In other words, from the beginning, through the years, and at the present time so far as I can see, the policy of the Conservative party has been one of protection by means of the tariff. That was their attitude back in 1930; that was their main pledge, in the words which I have indicated, and that pledge was referred to by the then leader of the opposition in these words:

> These pledges I have made and by them I stand or fall. . . . I have said that in my every action that must be my guide. . . . I preach one policy and I will practise one and one alone, the upbuilding of Canada and the ever closer cooperation of its parts, so that through their mutual help and mutual advantage the whole will grow into a power which laughs at adversity and triumphs over all the evils that prey upon disunion.

The Conservative party, if elected, was going to bring into force a power which would laugh at adversity chiefly by putting into practice the policy of protection. Conditions were represented as critical, and they were going to blast their way into the markets of the world. I think that sometimes we should refer to these matters. They are apt to be forgotten, and if we are to judge what is to be the record of the Conservative party in the future it is right to go back and see what they said and what they did in the past.

With regard to the representation by the Conservative party of conditions as they were before 1930, I intend to quote from a few newspapers, and these all relate to speeches made just before the election of 1930. On

July 17, at Sarnia, the then leader of the opposition, afterwards the Prime Minister, said:

Canada is now in a critical condition. Unemployment exists on a scale which never before was known in the history of this country. All this by reason of the policies of the Ottawa government.

At Calgary on June 12, 1930, he said:

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

Then at Chatham on July 11, 1930:

I propose, if elected to power, to call a session of parliament immediately after July 28th to deal with the unemployment problem, to authorize national undertakings which will give work to our workmen. Side by side, I propose to have enacted such measures as will give Canadians fair competition and equal opportunity with the nations of the world. Then the bogey of unemployment will be destroyed.

Again at Moncton, July 10, 1930:

The Conservative party is going to find work for all who are willing to work, or perish in the attempt. It is going to call parliament at the earliest possible date after July 28th and take such steps as will end this tragic condition of unemployment and bring prosperity to the country as a whole. . . . Mr. King promises consideration of the problem of unemployment. I promise to end unemployment. Which plan do you like best?

Then followed on June 17 the famous quotation about blasting their way in the markets of the world.

At Quebec on July 14 their leader made this statement:

I do not want place and power over broken promises.

That was the picture before the general election of 1930. That was what the people of Canada heard and that is what they expected. They expected that an end would be put to unemployment; that ways would be found in the markets of the world for the sale of our products, and they were very anxious to see what the Conservative party, when it came into power, had to offer them when they came into power. I shall briefly go over the speeches from the throne and indicate what I think was the gist and substance of them as regards the main items having to do with unemployment and this blasting into world markets about which they talked. This is what we find in the first speech from the throne, on September 18, 1930:

The necessity for dealing with exceptional economic conditions with the resulting unemployment has induced me to summon you at an earlier date than would otherwise be necessary. Measures will be submitted for your consideration, including amendments to the Customs Act and the customs tariff, which it is anticipated will do much to meet the unusual conditions which now prevail.

When they were talking of ending unemployment; when they pledged themselves to blast their way in the markets of the world, they had one thing and one alone to offer, namely to raise the tariff, and that is just what they did, except that they voted, I believe, $20,000,000 for public works. But if they were going to end unemployment and establish entirely different conditions, we should have seen some changes proposed in the speech from the throne the following year. What do we find? On March 12, 1931, this is what they say:

It will be your privilege to consider certain measures designed by my ministers to ameliorate existing conditions.

That is all they did after nearly a year in power. They were then going to "ameliorate" conditions. Next year they say:

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

They were then getting to the point where it was evident that the raising of tariff barriers and the voting of money for public works had not ended unemployment. The plan they had, if they had any, was not working, and they now admit that conditions in Canada are beyond their control. In October of that year they say:

The problem of unemployment continues to receive the anxious attention of my ministers. Under the powers granted them at the last session of parliament, they have been able to develop further, in cooperation with the provinces and municipalities, a scheme of direct relief to be put into operation during the autumn and winter months to the extent required by prevailing conditions.

That was in the third speech from the throne. Hon. members will notice that they started by raising tariffs; in the next speech from the throne they declared that they would ameliorate conditions; then in the third speech they come forward and say they will have to give direct relief. To be frank, in 1934 there is an indication of some improvement, and I think it can be said honestly and fairly that the speech from the throne pictured conditions as they then existed, and perhaps the improvements that had taken place. Generally speaking, I believe we can go by what is contained in the speech from the throne as indicating conditions prevailing in the country at the time the speech is delivered. This is what they said in 1934:

You are summoned for the dispatch of public business at a time when there are sound reasons for believing that the world is gradually returning to economic stability. I congratulate

you that such improved world conditions are reflected in Canada by expanding trade, improving revenues, increasing employment, and a more confident outlook upon the future. Canada occupies a leading position amongst those countries where the evidence of a return to permanent prosperity is most convincing.

But the best part of it, the treasure of them all, comes in 1935. As I say, they started in 1930 to raise tariffs. In 1931 they said that they would ameliorate conditions; in 1932 they said that conditions were beyond control; then in 1934 they said that conditions were good. But in 1935 they tell us that it is impossible to indicate anything except that conditions are getting hopeless and that something new must be discovered. Something different has to be brought forward. Hon. members will recall the assault that was made upon the capitalist system in 1935. This is what was said then:

In the anxious years through which you have passed, you have been the witnesses of grave defects, and abuses in the capitalist system. Unemployment and want are the proof of these. Great changes are taking place about us. New conditions prevail.

They were going to remodel the capitalist system; they were going to revamp it, and everything was going to be in order. We were going to have prosperity. Let us see what happened as a result of the attack upon the capitalist system through the social legislation that was passed, a great deal of which proved to be ultra vires. I cannot explain it better than to use the words of the then leader of the opposition when he travelled through the country in 1930 uttering words of eloquence such as the people had not heard before. At Guelph he said:

Whenever you have a convert doing something that he has not been brought up to do he will always make a mess of it.

That indicates exactly what happened in consequence of the attack upon the capitalist system through the social legislation of the Conservative government.

That, briefly, is the general picture given by the speeches from the throne during the Conservative regime from 1930 to 1935. I do not wish to labour this point, but I might compress into a few sentences the situation during those years. This was what the Conservative party promised to do: "We are going to have a definite plan and we are going to end unemployment. We are going to blast our way into the markets of the world and bring about prosperity in this country." Well, they got into power and at once raised tariffs. They voted $20,000,000. The next year they said that things were not in very good condition. Then they said they would ameliorate conditions. From then on they forgot tariffs because they realized that the raising of tariffs got them nowhere as a remedy. When they went before the people in 1935 the people told them exactly what they thought of their policies and ideas.

You will ask me, Mr. Speaker, What does this show? I suggest that hon. members will find it profitable to read the speeches from the throne during the Liberal regime. If they do, they will find what was done in those years. In January, 1936, we find that there is a realization on the part of the Liberal party that conditions are bad, and they so declare. They got into power in October, and in January of the following year we find this in the speech from the throne:

Unemployment continues to be Canada's most urgent national problem. While there is an increase in the number of persons employed, the number of those on relief shows no abatement.

That was a statement of conditions as they were when the Conservatives went out of power. In January, 1937, the speech from the throne contained this statement:

The year just closed has witnessed a steady improvement in conditions throughout Canada, and has borne testimony to the beneficial effects of the fiscal policies of the administration, and of other methods employed to achieve national recovery. A very definite restoration of confidence is in itself an augury of the continuance of recovery.

Here we find, after one year of Liberal administration, an indication of improvement in conditions. Then, in January, 1938, we find conditions reflected as follows in the speech from the throne.

It is gratifying to note that during the past year there has been a further substantial advance in Canada's economic recovery. Revenues have reached new levels. Trade with other countries has materially expanded. There has been a general increase in employment and a marked decrease in the numbers receiving unemployment aid.

Again, a further improvement in the state of things, as a result of those Liberal policies for which the people were looking. And, finally, in the speech from the throne now under review we find on the major problem the following statement:

The dominion government have taken active measures to stimulate private employment through the home improvement plan, the National Housing Act and the Municipal Improvements Assistance Act. Under these measures certain local taxes have been assumed, and loans made to individuals, organizations and municipalities. The sales tax has been eliminated on important building materials. Special aid has been given to the mining industry by subventions, tax exemptions and improved transportation facilities. . . .

Notwithstanding the embarrassments, and handicaps encountered in coping with the prob-

lem of unemployment, it is gratifying to be able to record, that, during the past year, there has been a material reduction in the number of those receiving agricultural aid, and a reduction also in the total number of those receiving public assistance due to unemployment and agricultural distress.

There again we have a sign of continued improvement, the result of Liberal policies. As I said before, the speech from the throne, generally speaking, gives an indication of conditions as they are throughout the country. No government would have the effrontery to go before the public with a speech from the throne which was contrary to the facts. The Conservatives themselves, in the years between 1930 and 1935, were compelled to admit that conditions were unfavourable. Comparing the two records we find that one shows uncertainty, and a gradual loss of ground, the other a steady improvement indicating a knowledge of conditions.

When I hear hon. gentlemen opposite criticizing the government I look around to see whether they have anything new to offer. I have been sitting here for three years listening for something besides tariff barriers and generalities from the opposition, but nothing new or different has come. They have nothing to offer us different from what they had in 1930. What have they more than they had in 1935 to make the people believe that they are worthy of confidence? I have never heard of any definite plan or policy except raising tariffs. When they were in power they forgot it after two years and were groping around in 1932. Take the Conservative platform, to which they more or less tied themselves or which they promised to put through. I admit it is a pretty much confused document and it is hard to know where the ties are. They tried to cover everything; it is as confused as any document could be without being too ridiculous.

Mr. SPEAKER: Order. I have to inform the hon. gentleman that he has exhausted his time.

Mr. LAPOINTE (Quebec East): Let him finish his speech.

Mr. SPEAKER: With the unanimous consent of the house.

Mr. POTTIER: I am much obliged. I find in that platform just two things. One is:

> This National Conservative convention declares its continued adherence to its traditional policy of fostering and sustaining by fiscal protection Canadian labour and Canadian industries—

The same thing as we had in the speeches before 1930. Then we come to employment, a hopeless plan, a lot of language, but in brief it contains promises—

> (a) To institute and support projects looking to the development of our natural resources. . . .
>
> (b) To provide a non-partisan department of government to provide for the administration of unemployment relief throughout Canada. . . .
>
> (c) To encourage and support throughout Canada a plan of national unemployment and retirement insurance;
>
> (d) To cooperate with provinces in a scheme of apprenticeship to industry, assisted by government subsidy. . . .
>
> (e) To make federal grants for scholarships to young people who show ability and merit. . . .

That is the Conservative plan for taking care of unemployment. As for (a) it is nothing new; it is what they were saying in 1930. As for (b), the nomenclature may be different, but the present employment commissioner is one they appointed themselves. They promised to encourage and support a plan of national unemployment and retirement insurance, but in the platform they carefully avoided pledging themselves to make the necessary constitutional changes, so there is difficulty about carrying that out. As to assisting the provinces in apprenticeship schemes, this government is doing that, as well as making grants for scholarships. I suppose we shall find the opposition going to the country on that platform, unless they decide to throw it away and build a new one. It is the same as they had in 1930, and I believe that the answer the people gave in 1935 will be the answer the opposition will get again when the government decides it is the right time to go to the country again for continued confidence.

Mr. J. K. BLAIR (Wellington North): First I must congratulate the leader of the opposition (Mr. Manion). I knew him in his palmy days in college when he was stepping out on the threshold of life, before the snows of age had fallen on his brow, when he had a look of innocence and buoyancy—

Mr. MANION: He is just as innocent yet.

Mr. BLAIR:—before he was involved in Tory intrigue. Nevertheless I wish him all the success I can wish any Conservative leader. That is not saying too much.

Much to my surprise the Conservatives have discussed the unemployment problem. It seems to me that is one question they should feel embarrassed about and hang their heads in shame and keep away from. There are things in my life that I do not want my friends to talk about, and if I were a Conservative unemployment is one question that I would warn them not to draw to the attention of the public. That must be a sore point in the mind of any Conservative.

There is, however, a redeeming element in the Conservative party. They know a good Liberal. The hon. member for York South (Mr. Lawson) who is just leaving his seat was raised a Liberal, and the leader of the opposition was raised a Liberal. Any Liberal on this side of the house who is inclined to Toryism will find many vacancies over there; they might need some more Liberals.

Mr. MANION: We shall get plenty of them after the next election.

Mr. BLAIR: He would indeed be an optimistic prophet who would prophesy anything like that, not a Jeremiah at any rate.

When the Conservatives came into power in 1930 the unemployment situation was not bad. The Mackenzie King government had it well in hand. But from the howl that the Conservatives raised from the housetops one would have supposed the country was going to ruin through unemployment. As a result they gained office, and immediately called a short session; they were going to cure unemployment at once and could not wait for the usual time of the session. They called their short session, and did they deal with unemployment? They thought they did, in a Tory fashion. They raised tariffs ever so high, with the result that 100,000 more people were without employment. Next year they said, "We will deal with it again," and they raised the tariff again, resulting in 100,000 more unemployed. In my own stubborn way I advised them to raise it again; they did so, and there were 100,000 more unemployed. By this time the number of unemployed had mounted to some 600,000 and was still going strong. So I do not like the way the Conservatives have of talking in the house—

Mr. SPENCE: Does the hon. member think we like his way?

Mr. BLAIR: Of course I do not expect they are talking to please me, nor am I talking to amuse them particularly. But I should like to see them lay a foundation for their arguments. I would advise them to look into the statistics provided by the department of which Mr. Coats has charge and find some foundation for their speeches. Mere expressions of opinion are not of much value; there should be a proper foundation and logical sequence. When the statistical foundation is laid hon. members can tell the house and the country what they think, but it is useless to give opinions without any foundation.

I should like to give certain figures from the bureau of statistics in regard to unemployment. I wonder if with the consent of the house I can place them on the record, or must I read them?

Some hon. MEMBERS: Put it on the record.

Mr. BLAIR: The figures are as follows:

Dominion Bureau of Statistics' Estimate of Unemployed Wage-Earners in Canada
(000's omitted)

Month	1921	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
January	189	135	297	425	558	691	598	572	556	500	403
February	252	197	332	424	564	713	584	552	545	521	...
March	205	200	288	402	571	708	598	589	568	519	...
April	192	147	281	385	574	703	590	573	543	481	...
May	178	91	396	437	568	684	544	546	512	375	...
June	208	47	391	437	594	659	487	526	480	308	...
July	120	49	348	431	600	635	502	511	472	300	...
August	83	49	371	413	595	657	510	492	446	257	...
September	101	48	300	445	606	606	497	455	409	223	...
October	102	92	341	453	627	600	495	435	399	235	...
November	243	182	423	488	642	597	515	479	415	301	...
December	322	272	413	543	675	623	571	546	502	381	...

These figures show that in 1929, during June, July, August and September, the number of unemployed was less than 50,000. That is about the normal number of unemployed in Canada. In June, 1929, it was 47,000; in July and August, 49,000, and in September, 48,000.

Mr. MANION: That was in 1929?

Mr. BLAIR: Yes, under a pure Liberal administration. I do not want anything adulterated.

Mr. MANION: What about 1930?

Mr. BLAIR: That was a mixture, and we do not want it. I want to take an unadulterated Liberal administration and report thereon. In 1933 I find that during one of the comparable months the number ran over 600,000. Just imagine; these people were going to relieve unemployment, yet they had over ten times as many unemployed as in 1929! How were they trying to do it? They were raising tariffs sky-high. That is an old Tory cry; if you give privileges to the moneyed classes you are going to help the poorer classes. I wonder how even a fellow born

and bred a Tory could think of such policies. I have, and always had, great personal respect for Right Hon. R. B. Bennett. I must admit, however, that his judgment was often very bad, and I often thought that was due to pressure being brought to bear upon him by Toronto. I always think of Toronto as the worst hotbed of Toryism in existence, and I am afraid that if the leader of the opposition (Mr. Manion) lets Toronto have anything to do with him, it will ruin the Tory party in a short time. Toronto has destroyed two or three would-be leaders already, and it can destroy two or three more. They are not straight even between themselves. There is treachery on all sides. They will stick the harpoon in their own leader. I have felt sorry, because of the treachery that existed within the Conservative party, for some of these men who were special friends of mine. I thought it was a downright shame, because I do admire honour among people, even among robbers.

Unemployment to-day is not so bad as the Conservatives are trying to indicate. At present, during the winter, 14·5 per cent of the wage-earners are unemployed. According to the bureau of statistics, even in ordinary times between seven and eight per cent of the wage-earners are unemployed during the winter. In the United States they have, in proportion to population, twice as many unemployed as we have. Other countries have been mentioned here, where it was said there was no unemployment. I feel sure—though I should not say that, because you may believe a lot and know very little—that there is no person in this house who wants our unemployed to be looked after as the unemployed are treated in Germany, where they are put into camps.

There is one way by which unemployment could be helped to a very great extent. I believe the employers should look after their unemployed much more than is the case at present. I believe there should be a certain amount of cooperation along this line; and if industry does not look after its people in a democratic country like this, the people will ask the government to take over industry and look after the employees. On the farm the horses work all summer, but when winter comes the farmers do not ask the government to feed the horses. These men who are employed by firms in the cities—and I am not thinking only of Toronto—should be looked after during the winter, just as the farmer has to feed even his horses during the winter. These men should be kept working, even though it may be for only a few days a week.

I believe a good deal could be done to relieve unemployment by encouraging the sons of farmers to stay at home. I think we have pampered industries in the cities so much that farmers' sons are leaving home and trying to get work in the urban centres. If the government would loan money to farmers' sons so that they might live on farms near their fathers, these young men could use the implements and machinery on their fathers' farms and could operate very nicely. If that could be done and the money loaned at a low rate of interest, say three or four per cent, it would mean a great deal to this country and certainly would remove many young men from the ranks of the unemployed. Many farmers' sons are in the cities looking for soft, white-collar jobs, where they do not have to work very hard and will get decent salaries. Many city fellows do not do enough to keep themselves healthy, and naturally these farmers' sons would like to get those jobs. We have pampered industry and oppressed the farmers too much, and now we are at the stage where farming is going downhill rapidly. The Right Hon. Mr. Bennett realized that very well, and he passed the Farmers' Creditors Arrangement Act, which was the rottenest act ever put on the statute books of Canada. It encouraged treachery and dishonesty and destroyed the spirit of our people.

Mr. STEWART: It is not off the statute books yet.

Mr. BLAIR: I think it is. It is not operative now except with regard to cases not disposed of.

Mr. STEWART: It is off with regard to Ontario only.

Mr. BLAIR: I mean in Ontario and Quebec. Be that as it may, I give Mr. Bennett credit for passing that act. Why? Because he brought the farmers to such a desperate situation. He would not sell their stuff when it was jamming up the markets. He did not open up markets for the commodities the farmers produced. In 1930, when we had opportunities to sell our goods in the United States, the Tories seemed to think that would be an awful disgrace. I heard one Tory address a meeting. He said, "Think of these good Canadian cows going over to the United States," and he had the people with tears in their eyes. What did they expect to do with our cows? Any man who would come to my riding and say we should not have trade treaties with the United States would do me a great deal of good, because the farmers there have made considerable amounts

of money by selling their cattle, pigs and sheep in the United States during the last few years.

Here is another silly idea. The Conservative party have introduced some absurd things into this house, but the worst I ever heard of is the idea that trade is war. We are trying to enter into a trade treaty with the United States, and we are told that trade is war. We negotiated the imperial agreements. Was the Right Hon. R. B. Bennett going to war with the British government when he concluded those agreements? The expression that trade is war should be expunged from *Hansard,* and those who made it should contradict it, because it is the silliest idea I ever heard of. A farmer and his wife go to town and trade their milk and eggs for merchandise. What are they doing? Are they at war? To me, war means slaughter and murder, and I do not believe that term should be used.

Another time, however, when the Conservatives were just as silly was when they said the depression was due to overproduction. Well, you know, that was awful. We had years of abundance, when there was prosperity, but according to the Conservatives that brought on a panic. I think the only time Mr. Bennett was angry at me was when I told him that I was going down the road one day and I saw a squirrel on a fence. The squirrel was weeping bitterly. I said, "What is the matter?" He said, "There is going to be a famine." "Why is there going to be a famine?" "Too many beechnuts; too many beechnuts." Yet the Right Hon. R. B. Bennett was travelling from coast to coast with that same philosophy, and the Conservative party were backing him up.

In Toronto on a Saturday night—and I could name some hon. members who were on the platform with him—he told the audience that the depression was the result of overproduction. That was the harvest-home festival weekend. On Sunday those same Tories were sitting in church, as the preacher was fervently praying for an abundant harvest to gladden the heart of man. The Almighty Himself would not know what to do with the Tories of Toronto. He could not. They were saying one thing and praying another. You could not tell what to do with them.

That political philosophy in Toronto is the silliest concoction of ideas ever put together. I cannot understand it, and I never shall—but I have tried. We need trade in Canada. We are a farming country, and we cannot eat all we produce. To suggest that we can would be absurd. I should like to have seen the house cleaned out of some of the old guard who were backing the Right Hon. R. B. Bennett and his policy of "no truck or trade with the Yankees." He would not trade with Russia because they did not observe the marriage laws. He would not trade with Japan because the standard of living there was too low. He would not trade with Germany because she was the cause of the last war. He would not trade with the United States—"No truck or trade with the Yankees."

Mr. SPENCE: The hon. member should not repeat that because he knows he is wrong.

Mr. BLAIR: He would not deal with New Zealand, our own sister dominion. Why?—too much butter. Trade with New Zealand was four times to our advantage, but the Conservative party would not trade with her. They did not want to go to war with New Zealand. I wish the Conservative party would withdraw that statement, that trade is war.

But I would suggest that the minister who is in charge might help Toronto, just the same. I see the threat of this folly but I also see the loan sharks of Toronto bleeding the heart and soul out of the people of that city. I have many friends there, because I lived there for some years. I should like the ministry, by some method, to put the harpoon into every loan shark in Toronto. I hope the government will pass a law or do something to put into the present law teeth which will take hold of the fellow who is running the small loan company and operating as a loan shark. Those people would sell a man a piano this year and come back in four or five years and take his home.

Mr. STEWART: And the piano too.

Mr. BLAIR: Now, I must conclude, for this reason—

Mr. SPENCE: What is the hurry?

Mr. BLAIR: I should like to mention the difference between trade and commerce under the Liberal party and under the Conservative party. I do not ask hon. members to accept my opinions. I have referred to the bureau of statistics, because I should not like to express an opinion unless I had some figures behind me to verify what I may say. I have figures showing the exports of Canada between 1929 and 1938 to the United Kingdom, the United States and other outside countries. These figures show clearly how great have been the benefits derived by trade with other countries.

Mr. HARRIS: The imperial trade agreement of 1932.

Mr. BLAIR: Does the hon. member want the figures for 1932?

Mr. SPENCE: Read them all.

Mr. BLAIR: In the fiscal year 1928-29, the last unadulterated year of Liberalism before the Conservative government took office, trade with the United Kingdom was, in round figures, $429,000,000, whereas in the next year, under a Conservative government, it dropped to $281,000,000. In the next year it was $219,000,000.

Mr. SPENCE: What year is the hon. member at now?

Mr. BLAIR: In 1931-32 it was $174,000,000; in 1932-33, $184,000,000; in 1933-34, $288,000,000. Then the country got sick of the Conservative government.

Mr. LAPOINTE (Quebec East): Down! Down! Down!

Mr. BLAIR: In 1935-36, there was an increase to $321,000,000; in 1936-37, an increase to $407,000,000; and in 1937-38, an increase to $409,000,000.

Mr. STEWART: What about the empire trade agreements?

Mr. BLAIR: Does it mean nothing to the country that millions of dollars are coming into it? And yet we hear that trade is war! When we get these millions of dollars from Great Britain we are at war with Great Britain. When we get millions of dollars from the United States we are at war with the United States. We have sold thousands of our cattle to the United States, through Buffalo. Stop it! That is war!

And one hon. member, who is in the house now, advised the Minister of Trade and Commerce (Mr. Euler) to go to work as chore boy under the Minister of Finance (Mr. Dunning). What was the good of a Department of Trade and Commerce? He was advocating war.

Mr. HARRIS: To help him.

Mr. BLAIR: I have the hon. member's speech in my hand. Then, when Mr. Cordell Hull was here on a visit, one of the hon. members from Toronto said, "I view with alarm the visit of Cordell Hull to Canada." Yes, he viewed with alarm the visit of a friendly ambassador to Canada.

Mr. LAPOINTE (Quebec East): Who said that?

Mr. BLAIR: What is Tommy Church's constituency?

Mr. LAPOINTE (Quebec East): Broadview.

Mr. BLAIR: Broadview?—the name is a misnomer. There is no "broadview" about that—it is one of the narrowest things I ever heard, in regard to Americans. And we are at war with them, because Cordell Hull comes to visit us! There are views which I wish, for the sake of civilization and for the sake of common decency and courtesy, could be erased from *Hansard,* and those are some of them.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, in these the closing moments of the debate on the address in reply to the speech from the throne I wish to address the house from the standpoint of a business man. As a business man I am obliged from time to time to supervise advertising matter and to write letters, and I always endeavour to approach my subject and to present my thoughts in such a way that the one whom I am addressing will understand what I am placing before him. Particularly have I in mind my own business.

We are gathered here from all parts of Canada to deal with important national questions, and our criticisms should be constructive and our policies advanced in such a way that they will be understood by the public. But I have sometimes wondered, as I have sat here since the opening of parliament, whether the messages which have gone forth from this house from those taking part in this debate, on the government side and from the opposition and the two other groups represented in this chamber, were calculated to bring about the best results from the standpoint of the nation. Are they going to have a good or a harmful effect upon our citizens as a whole? Are they going to help mould the lives of our youth so that they will be better citizens of the future to occupy the seats we are endeavouring to fill here? I wonder also what has been the effect upon the average mature mind of the messages which have been broadcast from this house, through the press and by other means, as to our willingness to cooperate with the government in bringing about those results which are so much to be desired, conditions being as they are in this country to-day.

I sat and pondered this question, Mr. Speaker, and I was impressed by the thought which the hon. member for Grey-Bruce (Miss Macphail) brought before parliament, a thought which, I believe, is in the minds of

many. Are we here to fight one another in regard to policies, or are we here to co-operate in offering constructive criticism and constructive policies which will be helpful to the government, instead of doing as has been done so often—I say this with all due respect for the views held by the various groups in this house—unfairly criticizing, apparently with the one thought in mind of obstructing the various measures brought forward by the government? I believe the thought expressed by the hon. member for Grey-Bruce is in the minds of a great many people throughout Canada. I do not wish to compliment her particularly upon her speech; but I do think she was talking good common sense, and it is common sense that is going to help Canada to prosper and bring about a return to better days. If we use common sense, instead of offering unfair criticisms, I believe our efforts will be better appreciated by the people outside this house.

I was also impressed by a statement I saw in the newspapers, credited to one of the veteran members of this house, that he did not think the country desired this continual repetition of compliments paid by the various speakers to the mover and the seconder of the address in reply to the speech from the throne. I sincerely trust the hon. members will not misunderstand me or think I am lacking in courtesy, but it does appear to me that it would be sufficient if the giving of the compliments usually paid to the mover and the seconder were restricted to the leaders of the various parties—the leader of the government, the leader of the opposition, and the leaders of the other two groups, or their representatives. I think that would be quite sufficient to bring to the attention of the people that the speeches of the mover and seconder were appreciated. On the other hand I think it is only fair that the mover (Mr. Matthews) and seconder (Mr. Chevrier) should know that we, the other hon. members, appreciate the time and thought they put into their addresses and that our compliments are extended to them in all sincerity. I think that is all I need to say on that subject, or members will begin to think I am like some others and the country perhaps feel that this is just another collection of words, but I thought it was necessary to put these views before the house. I am satisfied at least that I am reflecting the views honestly held by many outside parliament as to our methods of carrying on the nation's business.

I always hesitate, Mr. Speaker, to advance views held by any particular section of our nation; for I realize, whether it be a question of tariffs or taxes or social measures or a trade agreement, that the nation as a whole must be considered. We are gathered here, not as representatives of any particular section only, but as representing also Canada as a whole from the Atlantic to the Pacific, and our suggestions offered in good faith and sincerely and honestly may be helpful in bringing about a solution of our problems.

Coming as I do from the maritimes I listened with deep interest to the remarks of the hon. member for Royal (Mr. Brooks) and to the views expressed by the hon. member for St. John-Albert (Mr. McAvity), who very frankly and, may I add, very fairly, put before the house problems affecting particularly the eastern maritimes. I, sir, wish to bring before the house certain matters pertaining to the eastern maritimes, and perhaps more especially the province of Nova Scotia, with a view to something helpful being done for that particular section of the country.

I should also like to make mention of the able address we heard this afternoon from the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier). The hon. member is well acquainted with the fishing industry of our province and well versed as to the needs of the fishermen. He is therefore well able to speak with authority on that subject, and when one so well qualified to speak addresses the house on the needs he knows so well, I think the government would be well advised to take his suggestions into careful consideration.

We from the maritimes, and particularly from Nova Scotia, do not perhaps press our claims as strongly upon the government as do members from other sections of Canada. Listening to the discussions in the house from year to year we cannot help but be impressed by the manner in which western members advance the claims of that section of the country. Perhaps it is because we are a little backward in the extreme east that we do not press our claims as strongly; but we have in the east pressing problems which affect our fishermen, farmers, miners, and lumbering interests in Nova Scotia, and which are, I am pleased to say, receiving the attention of the government. I have in mind, for instance, the trade agreement which was recently concluded with the United States, but I propose to speak of that at a later date.

I was especially pleased to note that the speech from the throne made reference to a matter that is of great importance to our section of the country. I refer to the West Indies trade treaty. As is mentioned in the speech from the throne, notice has already been given, effective December 31, 1939, terminating this agreement. I feel it is proper that views

held in connection with such an important matter should be made known to the government, so I am venturing to touch upon it at the present time.

Trade with the West Indies is of vital importance to the eastern maritimes, especially to the port of Halifax. Halifax merchants for many generations have been actively engaged in this particlar trade, and they know what is needed to further its development. I remember that in 1924 certain definite recommendations were made to the government of that time. An exceptionally strong committee, composed of men who had been engaged for years in the trade between Halifax port and the West Indies, was appointed by the Halifax board of trade to go into this matter, and they did so very thoroughly. Not only did they gather data from our own province and the adjoining provinces of New Brunswick and Prince Edward Island, but they sought to find out what effects such a trade would have on the rest of Canada, and they compiled and forwarded to the government recommendations which, I think, if they had been carried out would have been of material benefit to our province, to the maritimes in the east and to the whole of Canada.

It is with this fact in mind that I make this suggestion to the government, and particularly to our own minister, the Minister of National Revenue (Mr. Ilsley), whom we in the maritimes hold in very high regard. We can approach him in a spirit of brotherhood as one who knows our problems and who is always willing and ready to cooperate with us in regard to them. We sincerely hope that the Minister of Trade and Commerce (Mr. Euler), when the time arrives to discuss the details of such an agreement, will call into consultation men from Halifax who have an intimate knowledge of the trade requirements and the relations between Canada and the West Indies. I might say that the report of the committee I have mentioned was unanimously approved by the council of the Halifax board of trade and also by the council of the Saint John board of trade. We are agreed in regard to the requirements so far as the maritimes are concerned.

This matter touches us from the viewpoint of the potato market, whose needs were so well placed before the house a few days ago by the hon. member for Queens (Mr. Douglas). He pointed out the advantages of the market not only in the West Indies but in Cuba. I could also mention the advantages, from the fishermen's standpoint, of a trade agreement. These two considerations in particular should receive careful attention by the Minister of Trade and Commerce. I stress especially the importance of having persons familiar with the trade situation sit in with the government in discussing the details.

Another question, which concerns equally the maritimes and the progress the maritimes must make if they are to advance as we hope they will, is that of transportation. I was pleased the other evening, to hear the hon. member for Cochrane (Mr. Bradette) allude to the promise made at the time of confederation with regard to our railway system. Coming as it did from an Ontario member, the remark showed the proper spirit. I feel that we should have a complete link from the Atlantic to the Pacific serving us in the maritimes in such a way as to permit us to place our goods in the eastern and central markets quickly enough to enjoy a profitable business. We can do that only if we are provided with a transportation system sufficiently rapid to enable us to place our products in a good state of preservation on the central market. I have in mind, of course, that important commodity, fish. I would ask the Minister of Transport (Mr. Howe) to give this question his careful attention.

I realize that I must touch carefully on the subject of transportation. Its pros and cons are being discussed by the best brains of the country. The biggest men in the transportation business are making radio speeches and sending broadcasts of printed speeches as regards amalgamation, some advocating it, some opposing it. We in the maritimes look on the question of amalgamation in what is perhaps a rather distinctive way. We know it was a vital instrument in connection with the confederation pact. We realize that there are deficits from year to year, but we also realize the high position in which the Canadian National railways stands to-day. That remark may be subject to criticism, but I would make a comparison of the various railways in order to justify my position. The justification lies in the relation of the railway deficits to the amount of new national wealth and national income available through the carrying of the railways into different parts of Canada. It is not only the private capital invested in the railways which is to be considered; it is not solely a matter of profit upon expenditure for railways or the actual earnings of the capital structure, but rather the increased wealth which is derived from the advancing of transportation facilities into sections which have not as yet been fully developed.

The vast bulk of goods for internal and external trade is moved by railway, and no other form of transportation in existence or

in prospect is physically capable of handling the tonnage. Trucks have taken profitable short-haul package freight from the railways, leaving them carrying long-haul bulk commodities on which the business and the very existence of the country depends, and at rates so low that the carriage constitutes a subsidy to the business interests. That the present rate structure will not permit a return on railway investments is shown by the fact that in the first six months of 1938 eighty-six per cent of the railways of the United States failed to meet their fixed charges. In 1938 the United States railways failed to meet fixed charges by $125,000,000, and a total of 111 companies, including thirty-nine class A roads, were in receivership. That is a matter which should receive the careful attention of those who are so ready to criticize the earnings of the Canadian National Railways. This was all under private ownership, because private interests control the railways in the United States. We are in a somewhat different position. In Canada, along with the private railway system, we have our publicly owned railways. In Canada, with a much smaller population per mile and a more rigorous climate, it is obvious that the increasing failure of railways under private ownership to meet fixed charges will become more pronounced as time goes on. It would appear that the day of fat dividends in railways is over.

Let me ask: Are the troubles of the Canadian Pacific Railway caused by these general conditions, or is their spokesman right in blaming the government-owned Canadian National Railways. As regards the statement that great savings could be made and dividend payments resumed through amalgamation and the abandonment of certain railway mileage, it would seem that the resumption of dividend payments is increasingly remote, because private ownership cannot accomplish this elsewhere, as is shown by the facts I have already quoted in connection with the United States roads. The argument in regard to large savings was not substantiated before the senate inquiry last year.

I place these facts before the house so that hon. members will not be so ready to criticize unfairly our own Canadian National Railways. In the United States the abandonment of railway mileage not paying fixed charges has invariably resulted in a short time in wholesale business bankruptcy, a serious fall in property values and a loss of population in the communities affected, which did not oppose abandonment. The abandonment of certain lines in the United States was not opposed, and the tearing up of rails that took place was generally followed by a depression in business and a fall in property values. I suggest, therefore, that before the abandonment of lines is seriously considered this fact be borne in mind. The abandonment of lines in the United States was, in nearly every instance, the result of advances made by truck transportation, and we are facing the same situation in Canada to-day. Our roads are being honeycombed by trucks carrying freight in competition with the railways, taking the profitable business and leaving the very necessary long haul for the railways.

It is to be noted that in 1920 the privately owned roads of which the Canadian National railway system is composed had, under private ownership, a total operating deficit of $35,000,000, not to mention those which had defaulted on capital investment. From 1923 there has never been an operating deficit under government ownership; on the contrary, there have been operating profits totalling in excess of $360,000,000.

To any one who examines the monthly and yearly statistics set out under various headings for comparison of operations of railways in Canada, the United States and other countries, it is evident that the Canadian National Railways ranks with the best. Propaganda to the contrary cannot be supported by facts. Statements are frequently made in regard to the yearly deficit of the Canadian National Railways, and this, I would point out, is caused, as I believe all will appreciate, largely by interest charges on the capital investment of the former privately owned companies which were taken over under the one management.

In the United States and elsewhere, continued failure to meet fixed charges has resulted in bankruptcy and receivership, the capital structure being written down to a figure consonant with the operating revenues, and the original investors taking the loss. I need not point out that if this had been done in Canada the financial structure of the Canadian National Railways would appear in an altogether different light to-day. It would have been a great deal better for our country and we should have had a truer picture. I would suggest to the Minister of Transport (Mr. Howe) that though he has made advances—two years ago he did make advances in connection with the financial set-up, which were carried into effect last year—he should go still further and write off wherever possible. It is true that there are some capital investments which cannot be written off; but he could go a long way further in this

direction, so that the general public would have a truer reflection of the actual workings of the Canadian National Railways.

It was decided, rightly or wrongly, not to do this in the case of the privately owned systems of the Canadian National Railways. Whether that was justified; whether it was done to save privately owned investments, I am not in a position to say. Operating revenues do not meet similar overhead charges on other roads and cannot have done so in the case of the Canadian National Railways, with the result that the deficit on capital investment is piling up and is being compounded. I might speak at some length on the compounding of deficits caused by increasing deficits in the capital structure, but I shall not discuss that question now. The advocates of amalgamation have offered no solution of this problem of capital investment indebtedness. On the contrary it would appear that they naively expect the government to retain these obligations and hand over the very considerable operating earnings of the system to the proposed amalgamated management. Can it be that they also expect the government to take over the capital investment obligations of the Canadian Pacific Railway without a writing down and without even the prospect of getting any of the operating surplus? Can propaganda, however dressed up, put over such a scheme? If it does, though I do not think it can, it will at least have trouble in convincing anyone with ordinary sense that this scheme will do otherwise than further embarrass the government and increase its obligations, and it will afford relief to no one except the holders of Canadian Pacific railway bonds and stocks.

In conclusion, with respect to the railway question, I would point out that it is estimated that for each dollar invested in railway construction in Canada there has been created ten dollars of national capital wealth. The efficiency of the Canadian National Railways has steadily and progressively been bettered under government management. It now stands in the front rank. Its property and equipment have been well maintained, and it is in an excellent position to take full advantage of increase in the volume of traffic. For instance, last fall business conditions turned upward, with a marked increase in traffic, and net revenue for October amounted to $4,650,000, the largest for any month since 1929, showing that there is nothing lacking in the operating efficiency of this system. The ability to respond so quickly to increased traffic gives an indication of the potential earning power of the Canadian National Railways.

[Mr. Isnor.]

Hon. members may wonder why I give this background of the Canadian National Railways. I am interested because the port of Halifax is the eastern terminus of that railway system. I am interested to see as much traffic as possible go through our Atlantic ports. I feel that with the Canadian National making such a good showing as far as its Canadian lines are concerned, the Minister of Transport would be well advised to consider seriously doing away with the existing lines of the Canadian National in the United States. I have particularly in mind doing away with the terminal at Portland. I would advocate this even if these lines showed a substantial surplus of earnings; but I am reliably advised that such is not the case, that on the contrary they show a decided deficit. In view of this and the urgent need of employment for our waterfront workers, stevedores and men who handle railway freight, I would urge the Minister of Transport to give this suggestion very careful consideration. Why should we ship our goods through United States ports? There should be no need for doing so when we have such excellent ports as Saint John and particularly Halifax. So I leave that suggestion with the Minister of Transport, confident of his capacity to make it a reality. I hope to see railways, steamship lines and airways, and, I trust, later, highway transport, all under his direction. He should not feel satisfied until he has linked the Atlantic with the Pacific by a transportation system that will be satisfactory to every section of our country.

I should like to have touched on the recently consummated trade agreement between Canada, the United States and the United Kingdom, and the benefits accruing to the eastern maritimes particularly in respect to fish, potatoes and lumber, and even apples, because I believe that one goes with the other. While there is no direct increased benefit for the apple grower under the recent trade treaty, the advantages gained in respect to fish and lumber will go a long way to help us by creating additional trade which will be extremely beneficial to our section of the dominion.

I should like also to have gone into the question of defence in relation to the Atlantic, but there will be opportunity for that when the defence estimates are before us. I feel I should not sit down without expressing appreciation to the Minister of National Defence (Mr. Mackenzie) on behalf of those living on the Atlantic coast for so generously considering that part of the country. Our defences were sadly lacking. We have de-

fences, perhaps better than a good many are aware, but they need to be brought up to date. I am pleased to note in the estimates that a sufficiently large sum has been made available, and I feel sure that our Atlantic coast will be put in a position at least to help defend the rest of Canada, if necessary, although I hope that necessity will never arise.

How any thinking member, in the face of the many important matters mentioned in the speech from the throne, can rise in his place and talk about the speech not containing anything worth while is beyond me. Instead of finding fault it would be better to listen and read and pick from the speeches of those who have endeavoured to offer constructive thoughts, the ideas which, when put together, would lead to a brighter and better Canada.

In conclusion, may I say that the views represented in parliament by the various groups simply reflect a cross section of nation-wide opinion. We are no different from what we were when elected in 1935; we are just human, striving to carry out our duties honestly and sincerely. We are no worse—no better perhaps—than those who are using the radio and newspapers to tear down without a plan of rebuilding. The public listen, smile, and say, "Yes, there is a lot of truth in what that fellow says, but why does he not give us a complete plan and specifications by which to build a stronger Canadian structure?" Would it not be far better if radio critics and others would unite in bringing out the good things about our Canada, following the line recently adopted by Canadian Industries Limited in a recent newspaper advertisement, which reads:

"The brightest spot on earth."

The start of another year is a good time for stock-taking, and when we do it on a national scale we see that Canada is literally "the brightest spot on earth."

Many things have contributed to Canada's progress. Nature put vast oceans to the east and west of us and history placed a friendly neighbour on the south. History also tells us that our forefathers were rugged men, capable of enduring the hardships of founding a new homeland. Experience, passed on to us from those pioneers of our two great races, has helped give us courage and determination to carry on against every obstacle. Back of all this we have supplies of natural resources which are the envy of all.

We have these things, and yet, perhaps we are too close to them. We take for granted those things which look so priceless to the outsider, when, if we will but believe it, we have "the brightest spot on earth" for our home—Canada.

Hon. R. J. MANION (Leader of the Opposition): I must apologize for taking up any more time of the house at this stage, but since there is plenty of time for the vote this evening there is one subject with which I wish to deal briefly; not because it is my desire to speak again, but because of an attack made upon me in this house by an hon. member of the Liberal party, the hon. member for Winnipeg South Centre (Mr. Maybank). Before dealing with that subject, however, I wish to say that after an absence of three years I have been pleased generally with the conduct of the debate. Practically all hon. members have spoken on a reasonably high plane. That is as it should be. I believe that as far as we are able we should avoid misstating facts, falsifying the record, or anything of that sort. We may misinterpret each other's acts; I may attack my right hon. friend upon interpretation I put on some of his acts, but I shall at all times avoid misrepresenting anything he has done.

May I at the same time thank hon. members of all parties and all sections of the house for the kindly reception they have given me upon my return to the house, and the kind words so many have spoken of me. There are, however, always one or two, even in small groups, who cannot avoid flinging mud. Let me say now that I have no intention at any time of permitting anyone to fling mud at me, in the hope that some of it may stick. I will correct such statements on every occasion, no matter who the hon. member may be who makes them.

The hon. gentleman to whom I refer, the hon. member for Winnipeg South Centre, made some charges against me, and if I were guilty of them I would not be fit to sit as a member of this house. In order that I may not be accused of misquoting him I shall read his words. Speaking of myself, he said:

He was Minister of Railways during those five years, and during those years the Canadian National Railways were systematically sabotaged.

A little further on he said:

I draw the inference from his conduct as Minister of Railways that the systematic sabotaging of the railway that went on during those years was largely attributable to him.

I contradicted that and said:

That statement is absolutely untrue. There was no sabotaging of the Canadian National Railways at any time.

Mr. Maybank: It was sabotaged from the day the late government came into office until the day it went out.

Mr. Manion: That is not true.

A little further on he said:

But from the moment he took over that portfolio—

Speaking again of myself.

—the manner of carrying on the business of the railroad was changed. We know that the

men who were working for the railway during those five years were trembling every day that he went to his office as Minister of Railways. Certainly what I said in regard to telegraph and express business is true, and in the light of that it is a reasonable inference to draw that this was the first step towards complete amalgamation.

Those are some of the statements the hon. gentleman made about myself, and of course I use the expression "honourable gentleman" in a parliamentary sense.

An hon. MEMBER: Easy; he is not here.

Mr. MANION: The hon. gentleman is not here; but he did not know whether I was going to be in the house when he attacked me so violently, misstating facts and accusing me of doing things which, as I said, would not be done by anyone worthy to sit in this house. If any man within or without this house, any Canadian, wilfully sabotaged the Canadian National Railways he would not be fit to bear the name Canadian. I say that here to-night.

An hon. MEMBER: He did not say that.

Mr. MANION: I quoted his words. He accused me of sabotaging the Canadian National Railways and said the government of which I was a member sabotaged the railway.

Mr. MACKENZIE KING: But not my hon. friend. It was a charge against the previous government.

Mr. MANION: Oh, no. I read the words and I do not wish to read them again. If the right hon. gentleman will look up what I read from the speech of the hon. member, he will see that the whole blame was placed on my shoulders. If, however, that were all, perhaps I should not mind so much; but since the hon. gentleman spoke in this house and made that charge—that false charge—it has been spread across this country by means of the radio. In addition to that, other charges of a like nature were made against me during the campaign in London. I was charged with the same thing. I was accused of closing the shops of the Canadian National; I was charged, as the hon. gentleman charged me, with trying to force the amalgamation of the railways, and I was accused of crucifying Sir Henry Thornton. The campaign carried on against me there was the most vicious one in which I have ever taken part, and I have been in quite a number. Let me give the house one illustration. In the railway station at London there is a plaque in honour of Sir Henry Thornton. Two or three nights before the election there was a religious ceremony held beneath that plaque, and I have before me a statement which was made at that time by a gentleman who, I suppose, from his standpoint, spoke in good faith.

Mr. MACKENZIE KING: If I may interrupt for a moment, I hope my hon. friend will make it clear, before he begins to quote what may have been said by different persons who participated in that campaign, that he had no Liberal opponent in that by-election. So I assume they were not Liberal speakers.

Mr. MANION: Quite. I am sorry I did not say that; I took it for granted that everyone was aware of the fact that I had no Liberal opponent. I have already thanked the right hon. gentleman and his party for their courteous treatment of me at that time. I do not wish to get into anything controversial, but these charges all link up in the same way. I am referring now to the charges that were made by the supporters of the candidate who ran against me in London.

Mr. DUPUIS: What party?

Mr. MANION: The Cooperative Commonwealth Federation party. This is what was said by the gentleman who, so far as I remember, spoke at the so-called religious ceremony:

> Yet in spite of all the late Sir Henry did for the C.N.R., for Canada and for the British empire, he was crucified for no other reason than he was too progressive.

Of course anybody who knows anything realizes that the "religious" ceremony was a sacrilege; that it was put on not for religious purposes but absolutely for the purpose of playing politics. And that was only part of it. At that time not only was I charged with all the crimes of which I was accused by the hon. member for Winnipeg South Centre; I was charged with opposing old age pensions, unemployment insurance, the organization of bank employees, and, in fact, all social legislation. And I say here to-night that every one of those charges, without exception, was just as false as was the charge made by the hon. member for Winnipeg South Centre against me with regard to sabotaging the Canadian National Railways. The object, of course, is clear to anyone. The object was to capture the labour and Canadian National railway votes in big railway centres. London is a big railway centre; so is Winnipeg, and there are others as well. So, since these arguments no doubt will be used on other occasions, I intend to put the true story on the record. I hope it will not take very long; and then if others make statements against me that are false, at any rate I shall know the term that should be applied to them, even if I cannot use it in this house.

The reply I desire to make deals merely with the facts. I want to say again, sir, what I have said in other places, that I am prouder of the work I did for the Canadian National Railways between 1930 and 1935 than of anything else I have done during the twenty years I have been in public life. Far from attempting to sabotage the Canadian National Railways, we did much to help them, and I will prove that. Sabotaging means wrecking. What kind of Canadian could he be who would attempt to wreck the Canadian National, owned by the government of Canada, which means by us? It is our railway. To my mind an attempt to sabotage that railway would be both disloyal and unpatriotic; and I repeat that it could be done only by a man who would be unworthy to sit in this house.

The Canadian Pacific is also a great Canadian institution, and certainly I do not think any hon. member who merits the word "honourable" before his name would think of intentionally damaging either of these two great railway companies. What I did for the Canadian National Railways, or at any rate what I as minister helped to do, was to put the Canadian National in an economic operating condition, and I shall endeavour to prove that. Indeed, I think I can bring that proof from the mouths of the Canadian National officers themselves. Mr. Fairweather appeared before the senate railway committee last year and was in the witness box for over a day. In number 7 of the proceedings before that committee, Mr. Fairweather is reported as follows:

> When the depression hit us we started to reduce expenses everywhere we could find them, and we did reduce expenses to such an extent that in 1937 we handled the same gross revenue with $20,000,000 less of operating expenses.

I think that is sufficient proof. In the evidence before that committee a number of statistics were cited, and the actual figures are given in regard to the cost of operating the road, and the returns. I should like to put those figures on record. In 1931 the income of the whole Canadian National system was, in round figures, a little over $200,000,000. In 1937, six years later, the income was $198,000,000 odd. The two figures are so close that Mr. Fairweather made the statement that the income was the same in those two years. Then, the expenses in 1931 were $199,000,000, and in 1937, $180,000,000 a difference really not of $20,000,000, as Mr. Fairweather states, but of $19,000,000. After all, sir, that surely is absolute proof that the economies I frankly admit of forcing upon the Canadian National Railways were necessary. The fact that they could do the same business in 1937 as in 1931 for $19,000,000 less surely shows that there were wild extravagances—those are words I have often used—in the handling of the Canadian National Railways when we came into power in 1930. That to me is a justification of our whole position.

There is a deficit this year which may amount to $50,000,000. Instead of that deficit of $50,000,000 there would have been that other $19,000,000 more, or roughly $70,000,000. The railway question to-day is a serious one in this country. Everybody realizes this, and people are realizing it more and more. There has been a great campaign carried on for the unification of the railways. The greater the deficit, the greater the feeling among business men particularly that something must be done with these railways. So that in correcting those extravagances and in bringing down legitimately the expenses of the Canadian National Railways—we started it, and my hon. friends are carrying it on; I am not suggesting anything to the contrary—those who did it were the real friends of the Canadian National Railways. We were not saboteurs—if that is the proper word—but we were friends of the Canadian National Railways.

I am not going to discuss the railways in detail, but the reason the railways are in difficulties to-day is very clear. First, there was a great deal of over-building. Second—and this is the big question to-day, the main reason for the present difficulties of the Canadian National Railways and the Canadian Pacific Railway is that automobiles came into competition. There was the expansion of the automobile industry to contend with. We have the fact that large numbers of people are to-day travelling in automobiles rather than on the railways. Again, much of the freight for short hauls is carried by trucks.

I am going to mention at this point—and I have the information in the same lot of tables—a startling fact which struck me when I was reading the evidence last year with respect to the Canadian National Railways. I refer to the figures respecting the numbers of passengers carried. I hold in my hand a document showing the figures which were given before the senate committee. They are startling figures and to a large extent show the reason why the Canadian National Railways and the Canadian Pacific Railway are encountering a great deal of difficulty to-day in financing. In 1923 the passengers carried by the two railways numbered 38,000,000. In 1937 there were only 18,000,000, or less than half the number carried in the earlier year.

That to a large extent is the answer to the troubles of the Canadian National and Canadian Pacific railways and, indeed, to the troubles of all the railways on this continent. I say that because the Canadian National and the Canadian Pacific most certainly are not the only railways on the continent which have had their troubles. A book I picked up the other day showed the figures for the United States. I have reference to the magazine called *Time* published in the United States. The figures therein quoted show that the United States railways in 1922—just one year before the figures I have cited for Canada—carried a total of 537,000,000 passengers, while in 1937 they carried 251,000,000. Again we have a figure which is less than half, or the same proportion exactly as were carried by the Canadian railways.

That answers, largely, the whole trouble of the railways on this continent. Figures in the same table show the interesting fact that the freight carried on the Canadian National and Canadian Pacific railways was less in 1937 than it was in 1923. This is an extraordinary fact, considering that the country has developed somewhat, but nevertheless clearly indicates the reasons why the railways are in difficulties.

So far as sabotage is concerned, I deny it absolutely and unequivocally; I resent very much the suggestion by anybody—and it is made so far as I know by only one man of all the speakers, and there were over one hundred of them—and I resent the charge very much. I hope that all hon. members even for political reasons, will not descend to that depth of attack in the future.

In regard to jobs, I was accused by the same hon. member—I read the statement a moment ago and it is unnecessary to read it again—that so long as I was Minister of Railways no Canadian National Railways employee could come to the office in the morning without wondering if he would have a job in the department. I had nothing to do, in any shape or form, with the job of anybody in the Canadian National Railways. It was entirely the management which looked after that. I am sure the Minister of Transport (Mr. Howe) will say the situation is the same to-day, and I shall believe him if he says so. The jobs in the Canadian National Railways are entirely in the hands of the management. Then, why charge me with taking away the jobs of men on the road? There was a depression which started in 1929 and which continued downward until 1933. During that time large numbers of men were laid off from the service of both roads. But this had nothing to do with me. I never interfered in any manner or form with the employees of the Canadian National Railways. I had no power to do so. I would probably have been told by the management to attend to my own business, and rightly.

Twice when we were in power I tried to get a favour from the Canadian National management. I mention these instances, because they were the only exceptions. One had reference to a doctor in the west—I shall not give his name or the place from which he comes. But he was a friend of many years, and a Liberal in politics. A certain organization, which had no right to interfere in the Canadian National Railways, attempted to have this man laid off. When we first came into power Sir Henry Thornton came to me and told me that this organization was trying to get this man dismissed, with which action he did not agree. He said, "What is your feeling?" and I backed him up. I knew the man, personally. He had gone to school with me. I had a personal friendship for him, and I have yet. Sir Henry felt the same way, and the man was kept on. But when Sir Henry Thornton left and we appointed the late Judge Fullerton as chairman of the board, one of his first acts was to dismiss this man. I protested. Without my knowledge, Mr. Bennett, who knew the man, because he had come from his section of the country, made similar protests in connection with what he, too, considered an unjust dismissal. This man had been a life-long Liberal and had come from a Liberal family. We both protested, but we did not succeed in having the man retained, and he has been out of a job ever since.

The only other interference I ever attempted was with respect to a man who came from the constituency of the Minister of Transport (Mr. Howe), namely, that of Port Arthur. This man was a watchman who had been laid off because of age. A number of his friends approached me at the time, as minister. Every hon. member coming from a railway constituency has no doubt had a similar experience. Probably the hon. member for Kenora-Rainy River (Mr. McKinnon) has sometimes done it. It was requested that this man be given an extension of time for a period of one year. That is commonly done—but in this instance it was refused. I found out afterwards that in that very year, when they refused to extend his time for one year, they had retained over four hundred employees in similar circumstances. The company did not in fact save anything by their action in regard to this man. The truth is that they lost money because they had to pay him his pension as well as pay the man who replaced him. I repeat that in the

year when they refused to extend his time they extended the terms of over four hundred other employees. Yet I was refused. So far as I remember those are the only occasions in my term as Minister of Railways and Canals that I in any way attempted to interfere.

I will admit this, that I did interfere with headquarters. I endeavoured to bring down and did bring down the salaries of men at headquarters. To my mind most extravagant salaries were being paid, salaries which were not necessary at all. I will admit, too, that I succeeded in bringing down those salaries. I have stated on other occasions, and I state again to-night, that in salaries at headquarters alone we cut off over $1,000,000 in expenses. In other words, we decreased salaries by over $1,000,000, and I believe we improved the efficiency of the road by so doing.

So far as wages are concerned, may I point out that I had nothing to do with them, neither has the present Minister of Transport. I never did interfere with wages, and I am sure he has not interfered with them. Neither of us would have had the power to do so.

Then the depression came on in 1929. It began a year before my hon. friends opposite left office, and it continued until 1933. On account of the huge losses which both railways were facing, it was found necessary to try to impress upon the management that they must cut down expenditures. It was to this cutting of expenses that I referred a few moments ago. Possibly I would do well to give one or two illustrations. One man in particular—and I can give his name, because he is not now in the country—a Mr. Gaston, was drawing $62,000 a year. Why he was being paid that amount I could not find out. The people who complained to me about Gaston were the president and officers of the Canadian National Railways. They told me he was getting $62,000 a year and doing nothing for it, and he was lording it over them all, to use an expression of the street. He was dismissed and sent back to the United States, from where he had come.

Another man named Hummel was getting $35,000 a year, and he was sent back. Without any reflection upon my friends opposite I say that on the railway at that time there were a number of officers from the United States who were not necessary, and who were drawing large salaries, and we sent a number of them back to the United States where they belonged.

This was the only interference we made with the management of the Canadian National. We did that through the board of directors, as we had a perfect right to do. There is nothing wrong with the present minister protesting to the board, if he thinks they are too extravagant, and asking them to cut down expenses. If they are extravagant, in his opinion, he is not doing his duty if he does not protest. I did protest and brought about a great many of these changes.

I want to make it quite clear that in speaking of Americans I have not and never did have any antagonism to them, but at the same time I do believe that our Canadian National, and the Canadian Pacific for that matter, can be run just as well by Canadians as by anybody from any other country in the world.

Another charge was that I closed the railway shops in various sections of this country. I do not think it was the hon. member for Winnipeg South Centre (Mr. Maybank) who made that charge, but some other hon. member did. Some of the shops of both the Canadian National and the Canadian Pacific were closed; but far from closing them, I actually arranged with the government of which I was a member, to lend the two railways money, hundreds of thousands of dollars, to keep the shops going. In fact we were criticized for lending money to the Canadian Pacific. My hon. friends opposite have done a certain amount of that since they have come into office, but we did it when conditions were bad; when the shop men were in a terrible plight. We did lend money to the two railways to help them keep their shops going, and the money was paid back in full by the Canadian Pacific.

What they were referring to in London, I believe, was that we had given contracts for building freight cars and engines outside the railway shops. But that has always been done. Only within recent months contracts amounting to some millions of dollars have been given by the present management for building cars, and perhaps engines, by private companies. I am speaking subject to correction; but I read the item in the press, and I take it for granted that it is true. I offer no criticism because that is the proper thing to do. We have in this country a number of big car manufacturing companies. Have they not some rights? I know that this action was protested by some men working for the Canadian National and by some men on the Canadian Pacific who contended that the railways should build these cars in their own shops. We did give the railway shops some of that sort of work to do; but they did not have the equipment, and it would have taken millions of dollars to install the equipment. On the other hand, there were companies like the Canada Car, the National Steel Car of

Hamilton, the Eastern Car, the Canadian Locomotive Company of Kingston, and other large Canadian companies, and it would have been most unfair to these companies—

Mr. MUTCH: Why?

Mr. MANION: Because, after all, the people who have put their money into Canada Car, National Steel Car and these other big Canadian companies I have mentioned, are Canadians too, and, in addition, their employees have rights. Surely we do not owe everything to the employees of the two railways. There are other Canadians just as good as the railway men.

Mr. MUTCH: How about the rights of all the people of Canada who, as we all know, have invested their money in the Canadian National?

Mr. MANION: On the contrary, most of the money invested in the Canadian National came from the United States, and eighty-five per cent of the money invested in the Canadian Pacific is money from England. I am not belittling the bondholders at all. But I say that we took hundreds of thousands of dollars out of the treasury to keep the railway shops open and to pay the deficit on the Canadian National. I have forgotten the exact amount, but hon. gentlemen opposite will have to supply the deficit for last year amounting to approximately one million dollars a week. So I repeat, without any offence to the men on the Canadian National and the men on the Canadian Pacific, that these other large Canadian companies have been established for the purpose of manufacturing railway cars, and they and their employees have rights too.

By the way, I should like to interject that the management of both railways were insistent that these contracts should be given to these companies because they contended that these companies had been built up for that purpose, and that if we destroyed them—and Canadian Car had been closed for four or five years—there were no other private companies in Canada to do this work. These private companies had a great many employees who had been out of work a long time, longer than most of the men on the Canadian National and the Canadian Pacific, and they naturally had to be taken care of.

Another charge related to amalgamation. The hon. gentleman accused me directly of starting the amalgamation of the two roads when I brought in the two bills for the consolidation of the telegraph and express business of the two railways. Before dealing with that, I should like to show the attitude of this party towards amalgamation.

[Mr. Manion.]

Let me recall to hon. gentlemen that in the first place we brought in a bill in 1933, which was passed, the Canadian National-Canadian Pacific Act, the last clause of which, clause 27 of part IV, reads as follows:

> Nothing in this act shall be deemed to authorize the amalgamation of any railway company which is comprised in National railways, with any railway company which is comprised in Pacific railways—

That means the Canadian Pacific Railway.

> —nor to authorize the unified management and control of the railway system which forms part of National railways with the railway system which forms part of Pacific railways.

That is perfectly clear, and that was put in by us in the act of 1933. But that is not all. The speech of the former leader of this party has been many times quoted.

Mr. MACKENZIE (Vancouver): May I ask my hon. friend, was not that clause put in as an amendment from the opposition of that day?

Mr. MANION: I do not think so.

Mr. EULER: It was put in at the instance of the opposition.

Mr. MANION: I am not going to quarrel with that statement because I do not recall the exact circumstances. At all events the government of the day took responsibility for the legislation, and at that time we had almost as big a majority as hon. gentlemen opposite have.

An hon. MEMBER: No.

Mr. MANION: Not quite as large, but we had 140 members and the government now has only about 170.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: Wait until the next time, when we will change that.

Mr. DUFFUS: We have 180.

Mr. MANION: That is far too many. At any rate we were in power at the time this clause was put into the bill. I am not going to dispute with my hon. friends who say that it was their clause. If the government had not agreed to it, it would not have been put in. I want to be quite fair. I shall be glad to have the records searched because frankly I do not recall it as hon. gentlemen opposite give it. At any rate that clause is in the bill, and we put it in there; there is no doubt about that.

Then my former leader, Mr. Bennett, made a speech in Winnipeg laying down the policy from which we never departed. Everybody

remembers the phrase: "Amalgamation never; competition ever." We never at any time departed from that.

Finally there was the resolution passed at the national convention of the Conservative party last July. I thought I had it here, but I cannot lay my hand on it at the moment. At all events the convention passed a resolution absolutely opposing anything in the way of amalgamation or unification of the two railways. Everybody knows that. I am not going to argue it. We are on record over and over again as opposed to amalgamation or unification or anything of that sort. I do not think I should have to be arguing the question at all. I have been opposing unification since 1934.

Mr. MUTCH: Will my hon. friend permit a question while we are on a discussion of the subject of what happened to the railways? During the period that my hon. friend was Minister of Railways, why were twice as many Canadian National trains cut off from Saskatchewan as compared with Canadian Pacific trains?

Mr. MANION: Well, I did not have anything to do with the cutting off of trains, but I assume that it was for the reason that the Canadian National Railways thought there had been too many trains and that perhaps they had better cut some of them off. I had nothing to do at any time with cutting off any trains at any place. That was the function of the management. If they cut them off, my hon. friend had better protest to the management. It is the same management now as it was when we went out of power.

I have just said that I have opposed unification since 1934. Incidentally, although I do not want to get into a political controversy, I have not noticed any ministers of this government opposing it. I believe that my right hon. friend is opposed to unification, but I should like to hear him say so sometimes.

Mr. MACKENZIE KING: Well, I do.

Mr. MANION: I am afraid the right hon. gentleman is speaking below his breath. He has not been saying it at any place I know of, and I challenge him to do so now.

Mr. MACKENZIE KING: I say it now.

Mr. MANION: I am glad I have been able to stir up the right hon. gentleman to something, because I am afraid that he has not been saying it, nor has any member of his government that I can recall, in several years.

Mr. HOWE: No one has ever questioned the position of the Liberal party.

Mr. MANION: Well, I think they had better begin to question it. As a matter of fact, the only man in this house who ever came out for amalgamation was the Minister of Trade and Commerce. (Mr. Euler).

Mr. EULER: But always under public ownership.

Mr. MANION: All right. But I do not know that the men who would be put out of work by the amalgamation of the two roads would care much whether they were put out through government or through private ownership. I say that my hon. friend is the only member that I know of who has ever come out flatly for amalgamation.

Mr. EULER: My hon. friend is quite wrong. There used to be an independent Conservative member from Toronto who was strongly in favour of it.

Mr. MANION: Who was he?

Mr. EULER: Mr. W. F. Maclean.

Mr. MANION: Oh, well, Maclean is dead long ago.

Mr. EULER: Perhaps it might be unfair to say that there are some other members of his party who are dead but who don't know it.

Mr. MANION: I don't know whether the hon. gentleman refers to me, but if he thinks that I am dead and don't know it I hope I shall let him know the contrary before this session is over. Billy Maclean, however, has been dead for ten or fifteen years, and if we have to hunt in the grave for a Conservative who supported amalgamation I think it reinforces my argument. I was afraid my hon. friend might contradict my statement, so I brought his speech here, but I do not need to read it. At any rate, out of the two hundred and forty-five members of this house only one has come out for amalgamation or unification. This house is a pretty good cross-section of the country, and I think it is well worth the while of those who believe in unification to remember that fact. I did not intend, however, to go into that, especially.

I wish now to deal with the bills which I tried to introduce into the house in 1934. I tried, but I was stopped. I did, however, bring them before the committee. I am going to deal with this incident as honestly as I have dealt with all these questions. In 1934 the express bill and the telegraph bill were brought to my attention by Sir Edward Beatty, president of the Canadian Pacific Railway, and by Judge Fullerton, then chairman of the Canadian National Railways. Both these gentlemen wrote me exactly the same letter

asking me to introduce those two bills into the house. I protested that they should do it themselves.

I will give the evidence of that fact, but first I shall give a brief survey of the circumstances. They claimed that it was too late for them to introduce those measures as private bills. They said that to do so would cost them $11,000, and they asked us as a government to bring them in. I took them before the select standing committee on railways and shipping on June 20, 1934, without having introduced them into this house. That was a rather informal proceeding, but it was done because the committee was sitting and I thought it should know what suggestion had been made by the Canadian National Railways and the Canadian Pacific Railway. Sir Edward Beatty was not present, but Mr. Fullerton attended for the Canadian National Railways; Mr. Apps, representing Sir Edward Beatty, appeared for the Canadian Pacific Railway; Mr. Hungerford was also present for the Canadian National Railways, and they supported those bills.

May I interrupt for a moment my line of argument to say that I did not think, when the two railways asked me to introduce these two bills, I could have refused. I have thought a great deal over the matter, and I do not believe I am wrong in suggesting that if the heads of the two railways were to come to the Minister of Transport and ask him to bring forward some bill which—as in the case of those bills—was not in conflict with anything the government had supported, he could refuse to do so. I think he would be in exactly the same position as I was in at that time. A minister of railways is the minister of all the railways in Canada. In this house he is the mouthpiece of the Canadian National Railways, but he deals as far as the government is concerned with the other railways of the country as well, and practically the only other railway is the Canadian Pacific Railway.

I am going to read part of the evidence, the only part which bears on the matter, from the minutes of the meeting of the standing committee on railways and shipping on June 20, 1934, which is towards the end of the session. I shall quote myself. I said to the committee:

Gentlemen—The two railways wrote me some time ago and in a moment I will read the letter, and when I do so if you will transpose the words "express company" for "telegraph company" that will cover the letter in both cases. The Canadian Pacific and the Canadian National have got together and they want to unite into subsidiary companies their express companies and their telegraph companies—communications as they call them—as two separate companies. I will read one of the letters they have written to me, and the other is exactly the same except that it deals with the other question. This letter is signed by Mr. Fullerton and Mr. Beatty for their prospective companies the Canadian Pacific and the Canadian National, and it is addressed to me:—

"We are enclosing herewith draft of bill incorporating the Canadian Railway Express Company which our companies desire to have passed at the present session of parliament as a means of implementing the recommendation of the royal commission on transportation respecting the conduct of express business of the two companies.

"You will observe that the proposed legislation is simply the incorporation of the new company with the requisite powers to carry on the express business of the two companies if, as and when the trustees of the Canadian National and the directors of the Canadian Pacific determine that this should be done.

"We regard it as essential that the legislation should be passed at the earliest possible moment in order to expedite whatever measures of economy and efficiency our two companies may jointly decide should be adopted."

This is signed by Mr. Fullerton and Mr. Beatty. The same letter refers also to the communications company except it is communications instead of express.

I shall read another paragraph. It is myself speaking again.

They should have brought them in as a private bill, which I prefer they should do. However, they pointed out in the first place there were some heavy fees which, of course, parliament could have waived, amounting to something like $11,000. In addition to that there were the delays that could not have been got over this session. I am willing to bring these in as government measures, but since this committee was sitting I thought I should lay these bills before this committee and have a gesture of approval in a general way. The bills are here; I have four copies; they have not been introduced—

To parliament, I meant.

—but I have them ready to introduce this afternoon if the committee agrees. I might read one of the bills for you—they differ only in so far as one deals with "express" and the other with "communications"; otherwise they are practically the same.

I do not need to read any more. That is the introduction, the informal introduction of the matter to the railway committee, on which were sitting the present Minister of Trade and Commerce, the Minister of Pensions and National Health (Mr. Power), and, I believe, the hon. member for Lambton West (Mr. Gray); probably he was not there that day, because his name does not appear on the record, as it usually did when he was present. These hon. members and others were on that committee. I repeat that I dealt informally with those bills before the committee in order to get the opinion of the committee. The only protests made against the bills came from one Conservative, Doctor Price, and one Liberal, Mr. Hanbury, former member for

Vancouver-Burrard. The Minister of Trade and Commerce (Mr. Euler) and the present Minister of Pensions and National Health (Mr. Power) took part in the discussion. The former asked a question with respect to the allotment of stock. He wanted to be sure that the Canadian National would be on the same basis as the Canadian Pacific, and rightly so. The Minister of Pensions and National Health took no attitude against the bills.

Mr. POWER: He took the hon. member's advice. It is always so good.

Mr. MANION: The hon. member's defence is always good, too. That, however, is a little aside. As hon. gentlemen know, there was a dinner to-night to the returned soldier members of the house, and the Minister of Pensions and National Health defended me in a mock case in which I was charged.

Mr. POWER: The hon. member had better hire me again.

Mr. MANION: He defended me so well that I was acquitted. As I say, Mr. Speaker, no one opposed the bills except Doctor Price of Moncton, and Mr. Hanbury of Vancouver. And they did not oppose them on the ground that there was any danger of amalgamation of the railways. Doctor Price took the view, in which he was supported by Mr. Hanbury, that the effect of such legislation would be to cut down the telegraph service in the maritimes. Apart from that, however, he offered no opposition. Mr. Hungerford took part in the discussion. Perhaps I might quote my hon. friend the Minister of Trade and Commerce. I have before me certain passages which I have marked. I am not trying to misrepresent him or anyone else, and naturally not myself. Let me quote:

Hon. Mr. Euler: Before I say anything about the control of that company, I would like to ask whether that, in any sense, comes in any conflict with the clauses of the bill we put through last year?

He is referring to the Canadian National-Canadian Pacific bill.

Hon. Mr. Manion: No, that was about amalgamation. I will read that clause. I have it marked. It says in clause 27, part 4....

Then I read the clause which I have quoted to the house. I continued:

I read that clause which enabled it; it is under part 2, clause 16 in regard to cooperation.

And then I quoted the clause:

—without restricting the generality of the foregoing, any such measures, plans or arrangements may include and be effected by means of—

(a) new companies controlled by stock ownership, equitably apportioned between the companies.

Let me next quote what Mr. Hanbury said:

Mr. Hanbury: I would be interested in knowing whether the railway commission has any control over the rates of the telegraph and express companies and the services that they shall render. Perhaps Judge Fullerton can give us some information on that.

Hon. Mr. Fullerton: They have over the rates, certainly.

Mr. Hanbury: Not over the services?

Hon. Mr. Fullerton: I am not sure about that.

Mr. Hanbury: I find myself to a considerable extent in agreement with Dr. Price, but perhaps I am on a little different basis from him in that regard. I did not favour the Canadian Pacific and Canadian National bill last year; I opposed it. . . . True, I recognize the bill passed last year did contemplate such amalgamation as is now suggested; whereas the bill contemplated and forbade any amalgamation of the railway services. If I accepted these bills, it would simply be on this basis, that the legislation is now in effect, and it is perhaps not our duty to put any impediments in the way of the railway companies carrying out the wishes of parliament as expressed in the bill. But my personal view of this matter is, I am opposed to it; I do not think it is true economy, and I think that the people of Canada would suffer from the lack of competitive services in the future.

Hon. Mr. Euler: Mr. Chairman, I have always in the past, as I think many of the committee know, been in favour of doing everything possible to effect economies on the Canadian National Railways; and to that extent, I am entirely in favour of any legislation that may carry out that intention. The only thing that occurs to me in connection with the bill is this: in the new company, the only shareholders will be the C.P.R. and the C.N.R., I take it. Is that correct? They are the only ones that may be shareholders?

Hon. Mr. Manion: Of course, they may issue capital or preference stock, so I suppose they may sell it.

Hon. Mr. Euler: I think the committee should know whether it is the intention that this new company shall consist only of the C.P.R. and the C.N.R., or whether the outside public will be invited to subscribe.

Without going further, I repeat that the hon. gentleman took the attitude, which I think was a right one, that the Canadian Pacific Railway should not have any greater share than the Canadian National. The hon. member for Swift Current (Mr. Bothwell) was also on the committee, and I shall quote what he said:

Mr. Bothwell: I should like to ask a question in regard to those two departments, the telegraphs and express departments. Have those two departments been losing the Canadian National and the C.P.R., or have they been paying their way? I think the committee would like to get information in connection with that.

Mr. Fairweather: That is a very difficult question to answer.

The facts are as I have stated. The only objection came from one Liberal, Mr. Han-

bury, and one Conservative, Doctor Price. Neither the Minister of Pensions and National Health, nor the Minister of Trade and Commerce, nor anybody else objected to those bills except from the point of view of their working out in detail. No one in the committee expressed any opinion which suggested that there was anything wrong with those bills.

The next step in the process was to bring them into the house. As I say, the committee raised no objection. Doctor Price and Mr. Hanbury took exception to them only on the ground that they would result in a diminished service. That was June 20. On June 21 I attempted to introduce them into the House of Commons. May I quote what I said on that occasion:

> The bill, for leave to introduce which I am now asking, commits no one to anything; it is simply an enabling bill, the purpose of which is to permit the companies, if finally they come to an agreement, to carry out this measure. They have not yet come to such agreement and there is no certainty that they will; but both railways, through Mr. Beatty and Mr. Fullerton respectively, have written to me asking me to introduce these two bills and to endeavour to have them adopted by the house. . . .
>
> The government had no information in regard to the matter, because the railway companies did not request us until very recently to introduce these bills. Apparently they had not arrived at the position of discussing an agreement of this kind until quite recently, when they wrote to me, and naturally I preferred that they should submit the bills themselves. They could have done so except for want of time, and they have asked us to deal with the matter.....
>
> Mr. Gray: Is this bill a first step towards the amalgamation of the Canadian National Railways and the Canadian Pacific Railway?
>
> Mr. Manion: This is not a step towards the amalgamation of the Canadian National Railways and the Canadian Pacific Railway. I shall explain the matter when it is before the house, but I may say that what is contemplated here is permitted under the act of last year with respect to subsidiary companies.

The present Prime Minister (Mr. Mackenzie King) I believe, was the only one who objected to the bills being introduced without notice, and, of course, it was his right to do so. Then on June 25, four days later, I withdrew the bills. I shall read everything that appears in *Hansard* with respect to them. That was the day I withdrew them. I quote:

> On the order for the introduction of bills to incorporate Canadian Railway Express Company and Canadian Communications Company:
>
> Hon. R. J. Manion (Minister of Railways): Regarding these two bills, the government was asked by the two railway companies to introduce them, as they regarded it as essential that enabling legislation should be made available to expedite whatever measures for unified operation the two companies might decide jointly to adopt with respect to the two subsidiary services referred to. However, latest information intimates that no agreement has as yet been reached or is in prospect of being reached at an early date, if at all. Therefore the matter cannot be said to be one of immediate urgency. For this reason the government does not intend to proceed with these bills.

I withdrew the bills. That is the whole record of them. Though I have not read all the discussion before the railway committee, I have given the gist of it and I have read practically everything pertinent that appears in *Hansard* indicating why we withdrew them. They were withdrawn because they were not justified. I discovered, after the letters had been written to me, that no agreement had been reached. For that reason we did not introduce them. They had nothing to do with the amalgamation of the railways. I have shown that we were opposed to amalgamation, and evidence to that effect appeared in our legislation. We were against amalgamation, and I trust there will be no more misquotations.

So far as cooperation is concerned, it was recommended by the Duff commission which examined fully the whole railway problem of Canada, and it was inserted in the bill in 1933, which bill was intended in part to give the railways an opportunity to cooperate.

Finally the railway labour unions of Canada put on record last year before the senate committee their request for cooperation. I have their statement right here and it may be well to read it. One of the labour leaders showed me the statements himself and indicated that they were favourable to cooperation. This is the statement:

> Memorandum of comments and recommendations.
>
> Submitted by the dominion joint legislative committee of the Railway Transportation Brotherhoods and the Trades and Labour Congress of Canada, to the special committee of the senate appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway situation and financial burden consequent thereto.

I shall give just two quotations which cover their recommendations about cooperation.

> In the review and comments here submitted, we have endeavoured to bring to your attention the effects upon the Canadian people as a whole which, in our opinion, would occur from amalgamation, unification, abandonment or further pooling of services. If, in the judgment of those in authority, there must be further cooperative measures, effect to such action should not be taken unless and until provision is made whereby labour's interests are protected and compensated for loss. In the consideration of any such measures, railway

labour will be found ready and willing to sit down with others concerned and give sympathetic consideration to all practical and humane proposals submitted.

On another page they say as follows:

It is respectfully submitted on behalf of railway labour that if the interest on capital expenditures for unused power and rolling stock of the railways, or of unused plant or equipment in industry, due to depression or falling off of business, constitutes legitimate overhead charges against the consumer, it seems to logically follow that unemployed workers from similar causes should have an equally legitimate claim upon a larger share from industry as compensation for the loss of employment opportunity. Moreover, in any further cooperative measures involving labour displacement, definite provision should be made for equitable treatment to railway labour by compensation from the industry for any and all loss of employment opportunity.

With that I fully agree. I know no reason why, if those who propose unification take the attitude that men displaced must be cared for, those who suggest cooperation should not take the same attitude. There are opportunities for cooperation; we see them all around us: two ticket offices down here on Sparks street within a couple of hundred feet of each other, and a similar situation in practically all the big cities of Canada. There is the Montreal terminal, the hotels in Vancouver—the recent agreement by the Canadian National and Canadian Pacific in regard to using one hotel instead of two is one of the best illustrations of what cooperation could do. All those measures could be carried out without hurting anyone, particularly if the men were cared for as proposed by the labour men, with which proposal I entirely agree. So far as enforced cooperation is concerned, there were those of us who thought that since the railways did not show much sign of voluntary cooperation, enforced cooperation might be worth considering. But in view of the attitude taken by Sir Edward Beatty, speaking for the Canadian Pacific Railway Company before the senate committee, enforced cooperation appears to be out of the question.

Two other points I want to raise. One is the "crucifixion" so-called of Sir Henry Thornton. The statement has been made many times; it was made in the London by-election and made all across this country; on one occasion I remember I was charged with killing Sir Henry Thornton. The fact is that Sir Henry Thornton resigned and a year later he died of cancer. I did not have much to do with that. And never in the years I knew Sir Henry Thornton did I have a cross word of any kind with him. We were good friends throughout, despite the fact that I accepted his resignation. I say to-night what I have said in many places—and I think I have written it once or twice—that he was a very able man; that he brought about in the Canadian National Railways an esprit de corps which was of great value, and did good work in many ways. But I have pointed out—and it was no discredit to him—that he had this fault, that he did not know the value of money. I doubt whether anyone in this house who knew him well would think of contradicting that statement in view of the decreases in cost of operation amounting to $19,000,000, in view of the extravagance in such things as hotels, the Montreal terminal proposals to cost some $50,000,000, the building of those ships on the Pacific. In view of that, I do not think anyone would say that I am unjust in saying that extravagance was his great fault.

There was one other matter that was not his fault, namely, that there was not proper control over Sir Henry Thornton. He was a dominating personality and took complete control of the board of directors instead of their controlling him. As a result there was wild extravagance in the Canadian National Railways under his regime. One of the hon. members for Halifax referred to the fact that there were a great many defunct railroads unloaded on the Canadian National which are unprofitable and on which the Canadian National has to bear the capital charges. Practically every down-at-heel railway in this country was taken over by the Canadian National; most of them never paid their way. But there were other things—and in this I am a little critical—

Mr. YOUNG: Does my hon. friend suggest that Sir Henry Thornton was responsible for taking over those defunct railways?

Mr. MANION: He was, at any rate, partly responsible, because he was the head of the Canadian National. If I must give an answer to my hon. friend—I do not like to, because it will not please him—the people really responsible were the government which he supports.

Mr. DUNNING: Surely my hon. friend does not mean to imply that there were anywhere near the number of so-called defunct railways taken over during Sir Henry Thornton's management as were taken over when the Canadian National system was originally put together. And certainly this government was never responsible for that.

Mr. MANION: Oh, quite right; in 1919 when all the railways were taken over, I suppose those railways were greater in length than the defunct railways taken over when

the hon. member was Minister of Railways. I was not going to mention my hon. friend, but he was Minister of Railways when all these extravagant outlays were made by the Canadian National, and he was the man who should have held Sir Henry back from the wild extravagance that went on.

Mr. DUNNING: I shall be glad to defend at any time anything I ever put before this house. And my hon. friend never opposed any of them.

Mr. MANION: Well, perhaps that is true. My hon. friends were the government, and conditions in the country were pretty good. But they took over all the defunct railways, as we well remember, nearly all that were left when the Canadian National was organized. Take, for example, the Quebec Southern. I looked over the file, and I must say it was disgraceful; that railway was taken over when my hon. friend was Minister of Railways.

Mr. DUNNING: That is right.

Mr. MANION: I do not blame him for taking them over, but I blame the parties who pressed the government to do it and the government which permitted them to press it into taking over this lot of defunct roads which became a charge on the Canadian National. Probably Sir Henry Thornton should have put his foot down and said, No; but while the railway administration, like these other boards and commissions, was theoretically independent, they were subject to the government.

Mr. DUNNING: In the interest of accuracy I must say again that my hon. friend's expression "defunct railways" is entirely incorrect. The number of railways taken over during the time I was Minister of Railways in the former government of the present Prime Minister (Mr. Mackenzie King) was in fact very small indeed compared with those which had been taken over by the preceding administration.

Mr. MANION: Oh, I do not compare the railways that I described as defunct, with the whole Canadian National. I do not agree to-day that the old Canadian Northern and Grand Trunk should have been taken over by this country. I do not want to go into that question now, but I say they should have been allowed to go into bankruptcy.

Mr. DUNNING: So do I. I said so at the time.

Mr. MANION: I agree with the hon. gentleman. I was a member of the house then; but I was a young member, had been a member for a year, I did not presume to put my opinion up against that of senior men, or the government of that time; but, looking back, I think they should have been allowed to go into bankruptcy. But my hon. friend was Minister of Railways in 1929. In 1929, a pre-election year, between $200,000,000 and $250,000,000 was added to the debt of the Canadian National Railways in all kinds of political expenditures.

Mr. DUNNING: No, no.

Mr. MANION: Oh, yes. I have put them on record, and my speeches will show them. I could give the record very easily. I did not want to get into this, but my hon. friend would interrupt me though I was not mentioning him at all. He was Minister of Railways at the time. I repeat, in that one year, the year before the election of 1930, they added to the debt of the Canadian National Railways by upwards of $200,000,000. I used the figure of $250,000,000 on another occasion here, but perhaps I was in error by a few million, so I shall cut it down to between $200,000,000 and $250,000,000. Not only that; but between 1921 and 1930, when the party of my hon. friend was in power continuously except for a few months in 1926, they added $32,000,000 to the annual interest charges of the Canadian National Railways. During a number of those years the hon. gentleman was Minister of Railways. In that time $20,000,000 was added to the interest owing to the bondholders and $12,000,000 to the interest on money owing to the government.

Mr. McLEAN (Melfort): Would my hon. friend be good enough to tell us how much was added to the annual income of the railway during those years?

Mr. MANION: There was a good deal added to the income of the railway during those years, yes; but so far as I remember—I am speaking from memory but I think I am correct—in only two years in all the time the Canadian National Railways have existed have they paid their interest charges; so my hon. friend was not doing so well. But at any rate my hon. friend who asked me the question would not deny that in the nine years between 1921 and 1930 there was $20,000,000 added to the annual interest payable to bondholders and $12,000,000 to the annual interest on money owing to the government, so that was a pretty good piece of work. Take, for example, the Montreal terminal. Does anybody suggest to-day that a $50,000,000 expenditure on a Montreal terminal, such as was

started in 1929 and on which $17,000,000, I think, was spent before we came into office, was justified?

Some hon. MEMBERS: Of course.

Mr. FOURNIER (Maisonneuve-Rosemount) We deserve it.

Mr. MANION: You may deserve it for unemployment relief, but I do not admit that $50,000,000 was ever justified at any time for one station for the Canadian National Railways in the city of Montreal. I do not notice any of the ministers saying they think it is justified, as my hon. friend does; but probably he is thinking of the votes that would be forthcoming as a result of the work on the terminal.

Mr. DUNNING: For a station, did my hon. friend say?

Mr. MANION: For a terminal, mostly a station.

Mr. DUNNING: No, no.

Mr. MANION: Yes, yes. I know just as much as my hon. friend does about this railway. I shall not take a back seat to my hon. friend or anybody else in this house on this railway question. I know it pretty well.

Mr. DUNNING: I do not want my hon. friend to take a back seat, but some of us know a little about it.

Mr. MANION: I am not questioning that.

Mr. YOUNG: Did my hon. friend vote against that $50,000,000 when it went through this house?

Mr. MANION: I have repeated in this house that during those years the Canadian National was so strong under Sir Henry Thornton that I do not suppose I did; I do not suppose anybody did. Conditions in Canada were pretty fair, and we were not questioning these expenditures. But the fact that I did not happen to vote against it, does not lessen the mistake. I have made mistakes in my time, and I cannot say positively but that I might have done the same if I had been minister; I do not know. I do say, however, that the fact that I may have made a mistake or that I did not vote against it does not justify my hon. friends in adding from $200,000,000 to $250,000,000 to the debt of the railway in one year, and certainly it does not justify the construction of a $50,000,000 terminal in Montreal. If that were justified, I would ask my hon. friends this: We have been out of power since 1935. We stopped work on that terminal in either 1930 or 1931; I do not remember the exact time, but it was probably 1931 when we halted further expenditures on it. About $17,000,000 was the amount that had been spent on that work prior to that time, which would leave $33,000,000 to be spent to complete it. Hon. gentlemen opposite have been in power for nearly four years, and why is it that they have not completed the terminal? If it is justified, why did they not complete it? They knew it was never justified. That is why they did not continue the work and complete it, and that is the whole reason. By the way, in reference to the hon. gentleman who has been asking me questions, may I say that there was no greater extravagance ever committed, in proportion to size, than the construction of the hotel in Saskatoon at a cost of $4,000,000. The hon. gentleman comes from Saskatoon.

Mr. YOUNG: It did not cost $4,000,000.

Mr. MANION: Well, it did. The hon. gentleman had better look up his figures.

Mr. YOUNG: I know them pretty well.

Mr. MANION: It was pretty close to $4,000,000.

Mr. YOUNG: It was a long distance from $4,000,000.

Mr. MANION: Then perhaps that was because we cut it down.

Mr. YOUNG: That was what was wrong with the Canadian National all the time; you were cutting them down.

Some hon. MEMBERS: Order.

Mr. MANION: I do not mind the hon. gentleman getting a little excited. He is fighting for Saskatoon, and I do not blame him.

Mr. YOUNG: Fighting for what is right.

Mr. MANION: That is debatable. There was nothing right in building a $4,000,000 hotel in Saskatoon when the best they could possibly have supported there, according to what I am told by the best hotelkeepers in this country, was a $1,000,000 hotel. Perhaps $4,000,000 may be the wrong amount, but I am using round figures.

Mr. YOUNG: My hon. friend does not think very much of the city of Saskatoon.

Mr. MANION: I think a great deal of Saskatoon, but my hon. friend is just trying to play a little cheap politics now. I am just as honest about the city of Saskatoon as I am about the city of Montreal; that is all. I want to ask, Mr. Speaker, if that $50,000,000 expenditure in Montreal was justified in 1929, why has that work not been completed since 1935? It must be because the government

did not feel that it was justified, and I quite agree with them. I am not criticizing them for not finishing it. But I do criticize them in this regard, that within the last few weeks the head of the Canadian National Railways has stated that they are going to spend $12,500,000 on that terminal over a period of three years. That will bring up the expenditure to about $29,000,000 or $30,000,000, instead of the $50,000,000 originally contemplated. That amount is to be spent over three or four years. But the strange thing about it is that some of the ministers of this government were so prophetic a year or two ago when the hon. member for St. Henry (Mr. Bonnier) was seeking election. One of the ways whereby he got votes was through promises made by the Secretary of State (Mr. Rinfret) and the hon. gentleman sitting beside him, the Minister of Public Works (Mr. Cardin), both very good friends of mine. They went there at that time, as they will not deny, to help elect the hon. member for St. Henry. That was in January last. They have nothing to do with the railway, neither of them being Minister of Transport, and I do not know why they had any right to make such statements, or how they could know it. But the fact is they made promises that this work would be commenced before the next election. I have their promises here, and perhaps I had better quote them. I am looking now at the Montreal *Gazette*, a great friend of my hon. friends opposite. On January 17 the *Gazette* said:

Cardin Backs C.N.R. Pledge

Before the next federal elections come, the Canadian National railways will have their central station in Montreal, declared Hon. P. J. A. Cardin, Minister of Public Works, as he wound up the Liberal campaign in St. Henry division last night—

He knows how to wind up a campaign. I am told he is the best stumper in Quebec.

Mr. HOWARD: And the best of it is that he carries out his promises.

Mr. MANION: My hon. friend says the Minister of Public Works carries out his promises; but this has nothing to do with public works; he is making a promise for the Minister of Transport, a promise that the Minister of Transport, if anybody, had a right to make. I continue quoting:

At an afternoon meeting in Atwater Market Hon. Fernand Rinfret, Secretary of State, had made a similar pledge to the two thousand electors who attended. Both statements clarified and amplified the declaration of Mr. Rinfret on Friday that the Liberal government would "fill the hole on Dorchester street."

That was on January 17. Two days previously the Secretary of State is quoted, according to the same newspaper, the *Gazette*, as follows:

Mr. Rinfret said the tunnel under the Lachine bridge to connect St. Paul with St. Henry ward would be brought to fruition shortly.

May I ask the hon. member for St. Henry if the tunnel has been built?

Some hon. MEMBERS: No.

Mr. MANION: I thought they always kept their promises. My hon. friend said that the Liberals always kept their promises. They still have a few months to go before the next election, so they may start the work after all.

He also stated the abandoned Canadian National railway works project conceived prior to 1930, and which involved disappearance of the level crossings in St. Henry, would also be resumed, and this would mean an end of the "hole" on Dorchester street. . . . "I declare that while the federal government is anxious to restore conditions by providing as much employment as possible, there is no intention to allow one man to starve in Canada."

I do not think there should be any starvation under a Liberal regime.

"So long as there are unemployed there will be direct relief for men, their wives and children. We will do our part, and if the municipal powers, and provincial powers should become fatigued, be tranquil. While there is a single unemployed, the federal government will see to their sustenance. It is not an independent who will do that. It is not a man—"

This is Mr. Houde—

"—isolated from all parties who can do anything. He may make eloquent speeches, even enact farces, but I am authorized to repeat to you that as long as there are unemployed in Montreal, even if we are alone, the federal government engages itself on honour to give sustenance to him, his wife and children."

And yet the Minister of Labour (Mr. Rogers), when I asked him the other day about conditions in Nova Scotia, and called his attention to a telegram I had received,—no wonder he looks down at his book—told me that that was the duty, as I should know, of the province and the municipality. He had better fight it out with the Secretary of State over there.

Then, this was stated—and I believe it is by the present Secretary of State, one of the two gentlemen over there—and they won the election, too.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: But we won in Waterloo South. The election in question was against Mr. Houde. This is the statement I find:

Pledges action on C.N.R. The government of which I am a part will settle this problem of the Canadian National Railways, and the level crossings. We will fill the hole on Dorchester street, and solve the problem of the approaches thereto.

Mr. DUPUIS: Is the hon. gentleman against the terminal in Montreal?

Mr. MANION: I am certainly against $50,000,000 being spent on the terminal, just the same as the hon. member's own party is against it. Otherwise something would have been done in the last four years. The party opposite has been in power for four years.

Mr. DUPUIS: Is the hon. gentleman satisfied with the station in Montreal?

Mr. MANION: No, I am not satisfied. I do not think that hole in the ground should be left. But certainly I do not like to overtax the dominion on account of the Canadian National Railways, for political purposes. I say here solemnly to-night to those who are the friends of the Canadian National Railways, and particularly to the employees of that railway system, that the surest way to destroy the system is to play politics of that kind with it.

Then we have this humorous side of the matter. To show how far-sighted my hon. friends opposite are, politically, Mr. Hungerford has said, on their behalf, that $12,500,000 will be spent over a period of three or four years. Not only do they provide at this time for the coming election, but they are providing for the next one, too. I must confess that some day I am going to ask them to start a summer school at Port Hope for Conservative politicians. We know nothing about playing politics, when it gets down to that sort of business.

But I must say seriously that there is no surer way of destroying the Canadian National Railways than by playing politics of that kind with it. There is a campaign going on across the country, one which is gaining ground among business men, without doubt, for something by way of unification of these two railways. And with the increased deficit of the Canadian National Railways, $10,000,000 more than last year, as it is reported, and with these increased expenditures for political purposes in connection with the filling of this hole in the city of Montreal there is the great danger that the Canadian National Railways will be destroyed by those who claim they are its friends.

I would not have taken so long, Mr. Speaker, but hon. members opposite have had some responsibility for the length of my speech. I have, however, almost finished, and I shall leave plenty of time to take the vote to-night. I wish to repeat that the depression came upon us in 1929. The Conservative party was elected in 1930, and we were forced to bring about economies. We did that for the Canadian National Railways and, to their credit, my hon. friends opposite to a large extent have carried on in the same manner. I think, generally speaking, they have played a pretty fair game in the country. I do not think they have been doing much in the way of politics—until now, in connection with that hole in the ground in the city of Montreal.

I come back to the matter at this time because my observations were interrupted by the Minister of Finance. I was discussing the suggestion that Sir Henry Thornton was supposed to have been crucified by me. I said to the directors that they must bring about economy. We were being asked to put up too much money at a time when relief was costing so much. I pleaded here, with the railway committee which was sitting in the house, to cut the extravagant expenditures. But Sir Henry Thornton declared, in a manner which he had of opposing economies, against these economies. I could repeat what I said earlier—and it is the only word I would say against him—he seemed to lack sufficient knowledge of the value of money, whether his own or anybody else's.

Mr. LANDERYOU: Would the hon. member permit a question? What is the value of money, may I ask?

Mr. MANION: I can quite understand my social credit friend asking what is the value of money, because if there is anybody on God's green earth that does not know the value of it, it is the social credit party.

Mr. LANDERYOU: I was simply looking for enlightenment. That was a cheap, political answer.

Mr. MANION: The hon. member says he was looking for light. I can understand why any social crediter would be looking for light. If there is any group which sees darkness more completely around it than the social crediters, I do not know who they are. But if the hon. member—

Mr. LANDERYOU: But the hon. member has not answered the question yet.

Mr. MANION: Well, I suggest that the hon. member go and ask Mr. Aberhart.

Mr. LANDERYOU: I believe I could get an answer from him.

Mr. MANION: The hon. member says he believes he can get an answer. I place his answer on *Hansard,* because I think it should be there. The people of Alberta have been looking for that answer now, at $25 a month, for a long time.

Mr. FAIR: I would ask the hon. member how that $25 a month for the people of Alberta is going to be paid, after the mess this government, and the party of which the hon. member is leader, made of the railways?

Mr. MANION: During the rest of the session I am going to try to show the mess that the leader of the present government has made of things. Surely the hon. member did not expect me to stop my discussion of the railways to explain what money means? Every other hon. member in the house but the hon. gentleman in question knew what I meant when I said that Sir Henry Thornton did not know the value of money.

Mr. SLAGHT: Leave Sir Henry alone—a dead man.

Mr. MANION: I am not saying anything against anybody. But I do not need any instructions from the hon. gentleman who has just spoken, about ethics or anything else. I just make that suggestion to him, and I do not think I need any instructions from him at all as to how I should treat either the dead or the living. I am not saying anything offensive about Sir Henry at all. I am pointing out the opinion of everybody else in Canada, from the right hon. gentleman before me right down to the ordinary employee in the Canadian National railways.

Now, I had better finish, because we want to vote to-night.

Mr. POULIOT: Before the hon. member finishes, I should like to ask a question. An article from the *Gazette* which I have in my hand has refreshed my memory. I wonder if he is the same Doctor Manion who is quoted in the Montreal *Gazette* of November, 1927, as having said in Toronto:

> I believe the Conservative party has been too honest in the past. Our party in the past has been too honest in strictly defining its position and policy on controversial and sectional questions.

Mr. MANION: Yes, I am the man who said that, and I believe it yet. I shall explain that statement, since the hon. member has raised it, although it has nothing to do with the railways. I should like, however, to give an answer to my good friend over there. I said a few moments ago I wished the Liberal party would establish a summer school for Conservatives at Port Hope and let us go there to learn politics, because they play them so well. In that remark I was referring to the stupid habit, to my mind, of some Conservatives of occasionally grabbing controversial questions and jumping into them without any reason at all for discussing them at that particular time. I do not see the reason for my hon. friends opposite—they are a little wiser than we are in that respect—or for ourselves jumping into all kinds of controversial questions and insisting on fighting them to a finish when there is no occasion for a fight at all. It is just shadow-boxing. That is what I was referring to, and I am not ashamed of it at all.

I hope I shall not be interrupted any more, Mr. Speaker, because I wish to get through.

I could not get Sir Henry Thornton to agree to any compromise. I pleaded with him, but he refused. The directors appealed to me. They said they could not bring about economies because he opposed them. Finally, after the discussions—I want to be careful of my words—before the committee which brought out many extravagances, Sir Henry Thornton came into my office and told me he wanted to offer his resignation to me; after talking it over, he asked me if I would agree to his getting a bonus of some kind—I forget the exact word—when he resigned, and I said I would. We gave him altogether over $100,000; I think it was $125,000. He had Britton Osler, a lawyer from Toronto, working for him, and it took about a month. Finally we gave him, I think, about $125,000; at any rate it was over $100,000. At no time did Sir Henry Thornton and I have words about it.

I simply say, Mr. Speaker, that the $19,000,000 that I have shown of economies between 1931 and 1937 were justification to us for the pressure we put on the Canadian National Railways for economies. It was justification for my pressing Sir Henry Thornton to agree to economies. If Sir Henry Thornton had agreed to economies at headquarters—which had nothing to do with the men—I admit frankly, he would never have reached the stage of putting in his resignation or had any difficulty whatsoever. He and I were good friends, and before I sit down I take the liberty of quoting him. Here is his statement taken from the Canadian National Magazine. Sir Henry Thornton, as president of the road, was speaking of the Minister of Railways of that time—myself. Sir Henry said:

> I should like to take this opportunity of saying that I have served under a number of

ministers of the crown, but I have never served under one for whom I had more real affection than for the present incumbent of that post. We have in him one who ardently desires the welfare of the Canadian National Railways system, one whose heart beats with ours and one who, in addition to the performance of his ministerial duties, is likewise a really fine friend.

Perhaps it is not modest of me to quote it, but I think it is only fair to do so because of the charges that have been made against me.

Those are the facts, Mr. Speaker, and I have presented them as honestly as I know how. If, after this, statements are made to contradict them, all I have to say is that if they are made by members of this house, at any rate they will be stating what they know to be not true.

In regard to the subamendment submitted by the Cooperative Commonwealth Federation, which will be voted on shortly, I have only a word or two to say. Let me first read it:

> That the amendment be amended by adding the following thereto: "We are of the opinion that these conditions can be remedied only by the effective control of financial institutions and monopolistic enterprises which are exploiting the Canadian people."

Whether accidentally or intentionally, and I imagine accidentally, the language of the amendment is confusing. It says:

> We are of the opinion that these conditions can be remedied only by the effective control of financial institutions—

That is part of it. Then it goes on, in the same sentence, it is true:

> —and monopolistic enterprises which are exploiting the Canadian people.

If they had said that conditions could be remedied by the effective control of monopolistic enterprises, I think the whole house could agree with the sentiment behind that; but when they say "effective control of financial institutions," I do not think the language expresses their thought. Anyway it does not express mine, and so far as I am concerned I am not going to support it.

Mr. COLDWELL: Will the hon. gentleman permit a question?

Mr. MANION: Yes.

Mr. COLDWELL: Is there a comma after "financial institutions"?

Mr. MANION: Not in this copy I am reading from.

Mr. COLDWELL: Therefore does not the modifying clause modify both "financial institutions" and "monopolistic enterprises"?

Mr. MANION: Whether the comma is in or out, and I do not think it makes any particular difference, I think the subamendment is badly worded. I do not think it is the thought of the hon. gentleman who moved it. If it is, at all events it is not my thought. I cannot support it anyway. I am naturally going to support my own amendment.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I am moved to address you very briefly because of the fact, as stated by the leader of the opposition (Mr. Manion) this evening, that it was my good or ill fortune to be Minister of Railways for Canada during the period of greatest expansion of the Canadian National railway system.

My hon. friend has pointed out that during that period the investments of the Canadian people in the Canadian National Railways grew very rapidly. That is correct. What he did not point out was that during that period the revenues of the Canadian National Railways grew very much more rapidly.

When my hon. friend spoke of the addition of interest charges during the period from 1925 to 1930, he omitted to state that the ability of the railway company to carry interest charges grew during that period to such a point that for the only two years in the history of the system we had a net return over and above the amount required to pay the interest. This does not mean that I think my judgment, or the judgment of the management of the Canadian National Railways, or the judgment of the management of the Canadian Pacific Railway, or the judgment of nearly all the industrialists and financiers of Canada, was quite accurate during that period as to what was coming four or five years later. Is it any disgrace to admit it? Hon. gentlemen who were members of this house during that period will remember my experience of coming here as Minister of Railways to propose the building of branch lines, and what was the response of the house, and particularly the response of hon. gentlemen opposite? Always demanding more and more, year after year.

Mr. MANION: I do not remember that I ever did, but I am not going to quarrel with my hon. friend.

Mr. DUNNING: That was the attitude of the opposition. The then member for Inverness comes to my mind, and others would come to mind if I were not speaking extemporaneously.

In respect to the taking over of defunct railway lines, during the period for which

I was responsible as minister we took over the Gaspé railway line. Will any member of this house rise in his place to-day and say that the Gaspe line should not be a part of the Canadian National railway system? During my period as Minister of Railways we also took over the Inverness railway. Will any member rise in his place and say that the Inverness railway should not to-day be part of the Canadian National railway system?

An hon. MEMBER: Better not.

Mr. DUNNING: During the same period hon. members, the Alberta members, will remember the great competition which was developing between the Canadian Pacific and the Canadian National with respect to getting into northern Alberta with their respective lines. They will remember the pressure that I as minister endeavoured to exert to prevent useless duplication by the two railways, and the two of them jointly bought out the railway lines then owned by the government of Alberta. Will any hon. member to-day say that the Northern Alberta railway should not be a part of the Canadian National and Canadian Pacific railways? I am sure he will not.

And there, Mr. Speaker, is a complete list of the so-called defunct railways with the exception of the Quebec Southern from Montreal northwards; and in that connection may I say that there was no political pressure from any quarter with respect to it. Time after time during three years Sir Henry Thornton pleaded with me to agree to and to recommend to the government the taking over of that road because of the advantages, demonstrated by his technical men in great detail, which it was supposed would come from it.

Mr. MANION: May I interrupt my hon. friend? I do not wish to bother him; but I have looked over that file, and not only was there political pressure but I can name one of his colleagues who used it and who is sitting within a few feet of him now. Sir Henry Thornton opposed it over and over again, and finally accepted under political pressure.

Mr. DUNNING: Well, if there were political pressure on Sir Henry Thornton I was not aware of it. There was none on me. I can only affirm that Sir Henry Thornton during several years urged repeatedly that it be taken over. At any rate I have reduced the defunct railroads to that one. Apparently my hon. friend would say that the Quebec Southern should not be part of the Canadian National Railways.

[Mr. Dunning.]

Mr. CARDIN: And that road is a paying proposition to-day.

Mr. MANION: I do not think any railroad they took over is a paying proposition. None of the three the hon. gentleman has mentioned is, and I am also certain the Quebec Southern is not.

Mr. DUNNING: My hon. friend can argue that from now until doomsday—

Mr. MANION: We know now who was the minister who put the political pressure on the hon. gentleman to take it over.

Mr. DUNNING: We can argue from now until doomsday whether a particular piece of the Canadian National Railways is or is not a paying proposition. But, as was put to me in the house many times by hon. gentlemen on the other side, there was with respect to these matters, branch and other lines, an obligation on parliament to serve the Canadian people with equipped transportation facilities, and never was it expressed more strongly; never was I subjected to more criticism. My hon. friend speaks with some heat —and I can understand it—of accusations against himself of sabotaging—I think was the word—the Canadian National Railways; but does he not remember how all across this country it was published during the years 1927 and 1928 that I, because of alleged friendship with the Canadian Pacific Railway, was hindering Sir Henry Thornton's great scheme of expansion of the people's system.

Mr. MANION: I never said it.

Mr. DUNNING: Probably not, but my hon. friend's friends did, and the press which supported his party did. I went through that experience, Mr. Speaker. That is one of the things which is inseparable from government ownership and the discussion of a government-owned enterprise in a democratic assembly. We have to take it whether we like it or not. Whether we are here or hon. gentlemen opposite are here, the people's representatives will speak their minds and the minds of their people, will give vent to the suspicions which they entertain, and all our complaining in that regard will not make a bit of difference.

Let me make just one observation with regard to political promises. I know my hon. friend will forgive me for reminding him of some of his own. I am sure he remembers going to Manitoba. I am sure he remembers categorically promising that if his party were returned to power in 1930, the Mafeking cut-off would be built.

Mr. MANION: Mr. Speaker, I absolutely deny that I ever made any such promise. I admit the promise was made in that election, but I never made any such promise.

Mr. CRERAR: My hon. friend made it in his address in the town of Dauphin during the election in 1930.

Mr. MANION: I made no such promise; I make the statement again. Just because a couple of ministers over there make the statement that I made that promise does not prove it. I state that I did not make the promise. I think I ought to know something about my own promises.

Mr. WARD: If I may be permitted, I was present—

Some hon. MEMBERS: Order.

Mr. WARD: —and I will take my oath that the hon. gentleman who is now leader of the opposition did say, speaking in Dauphin town hall, that if he were returned to power, his party would build the Mafeking cut-off and it would be built forthwith.

Mr. MANION: Mr. Speaker, I ask the hon. gentleman who rose in his place and said I made that promise to bring forward the quotation that I made such a statement.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: No, I am not unfair enough to ask him to do it now—that is a fancy trick such as we get from hon. gentlemen opposite—but we are just beginning this session; we have plenty of time, and I ask him to bring it forward at the proper time and show me where I made it.

Mr. DUNNING: Now that this Donnybrook is over, may I continue? I merely cited an instance which, whether my hon. friend was guilty or not guilty, was certainly widely published at the time. I called upon my own memory with respect to it and got it confirmed by the hon. member for Dauphin (Mr. Ward) who says he heard it there. We shall, however, allow the hon. member for Dauphin and the leader of the opposition (Mr. Manion) to settle that between themselves. All I desire to say, Mr. Speaker, is this, and this is the really serious word. The administration of a great public utility demands a degree of restraint on the part of all of us to which none of us in this parliament has so far proved equal. That is my firm belief. No matter which party of us is in opposition, we do belabour the government politically with respect to the administration of this great utility. That has been the history to date. I mention it merely in order that in this time of great difficulty we may all look at it—and I do not except hon. gentlemen in the corner; they are not any more righteous than the rest of us in that regard; I include everybody, including myself. There is no subject about which in the interests of Canda we require more heart searching than in regard to statements we make with respect to the conduct of our great publicly owned utility. That is all I want to say. I have spoken quite extemporaneously, because my hon. friend referred to these matters.

Mr. T. L. CHURCH (Broadview): On a question of privilege, Mr. Speaker, I ask permission to call attention to a remark made in this debate this afternoon with reference to myself by the hon. member for Wellington North (Mr. Blair) which I think, when his attention is called to it, he will withdraw. The short statement which the hon. member made at ten minutes to six, when I was not in the house, was that—

> . . . one of the hon. members from Toronto said, "I view with alarm the visit of Cordell Hull to Canada." Yes, he viewed with alarm the visit of a friendly ambassador to Canada.
>
> Mr. Lapointe (Quebec East): Who said that?
>
> Mr. Blair: What is Tommy Church's constituency?
>
> Mr. Lapointe: Broadview.
>
> Mr. Blair: Broadview?—the name is a misnomer. There is no "broadview" about that —it is one of the narrowest things I ever heard, in regard to Americans. And we are at war with them, because Cordell Hull comes to visit us! There are views of things which I wish, for the sake of civilization and for the sake of common decency and courtesy, could be erased from *Hansard*.

Mr. Speaker, I never on any occasion made remarks like that. I have too much respect for the famous statesman who was visiting the university of Toronto to receive a degree. Also, I have welcomed and received thousands and tens of thousands of Americans and conventions as I lived in a city near the border, and this is the first time in all these long years I have been in the public service that it has been suggested that a discourteous remark of that kind had been made by me about any of them. May I say to the hon. member that he did not have a newspaper in his hand nor did he read from one. He never read such an article, and no newspaper ever published such an article. What I did say was this, after referring to the very fine reception at the university accorded to a distinguished and honoured United States citizen: I said that I viewed with alarm the

effect which I believed the Anglo-American treaty would have on empire preferences, on the Ottawa agreements, and on acute unemployment in Toronto. No reference was made in that connection to the distinguished statesman the hon. member mentioned: Mr. Cordell Hull. He has not the paper, cannot produce it, and never saw any such statement in any paper. I have too high a regard for that distinguished statesman and for the American people to make such an absurd statement anywhere. I have welcomed tens of thousands of American visitors at conventions in a long public career, and never on any occasion have I shown any discourtesy to or any disrespect for the great nation which they represented and which I hold in the highest regard. If the hon. gentleman will say the same thing outside the house to-morrow, I will immediately sue him for libel and slander. He never saw such a statement in any paper, and his memory is not correct.

Mr. BLAIR: I simply gave a report which I saw in a paper. The hon. gentleman says he did not say it, and I accept his word and apologize.

The house divided on the amendment to the amendment (Mr. Woodsworth) which was negatived on the following division:

YEAS

Messrs:

Blackmore
Coldwell
Douglas (Weyburn)
Elliott (Kindersley)
Fair
Hansell
Hayhurst
Heaps
Jaques
Johnston (Bow River)
Kennedy
Kuhl
Landeryou
MacInnis
MacNeil
Macphail
Marshall
Mitchell
Needham
Pelletier
Quelch
Rowe (Athabaska)
Woodsworth—23.

NAYS

Messrs:

Ahearn
Anderson
Barber
Barry
Beaubien
Bercovitch
Bertrand (Laurier)
Black (Chateauguay-Huntingdon)
Blair
Blais
Blanchette
Bonnier
Bothwell
Bouchard
Boulanger
Bradette
Brasset
Brooks
Cahan
Cameron
Cardin
Casselman
Chevrier
Church
Clark (Essex South)
Clarke (Rosedale)
Clark (York-Sunbury)
Cleaver
Cochrane
Coté
Crerar
Crète
Davidson
Deachman
Denis
Deslauriers
Donnelly
Douglas (Queens)
Dubuc
Duffus
Dunning
Dupuis
Dussault
Elliott (Middlesex West)
Emmerson
Esling
Euler
Evans
Factor
Fafard
Farquhar
Ferguson
Ferland
Ferron
Finn
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Francœur
Fraser
Furniss
Gardiner
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Grant
Gray
Graydon
Green
Hamilton
Hanson
Harris
Hartigan
Héon
Hill
Homuth
Howard
Howden
Hurtubise
Hushion
Hyndman
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Lawson
Leader
Leclerc
Leduc
Lennard
Little
Lockhart
McAvity
McCallum
McCann
McCuaig
McCulloch
Macdonald (Brantford City)
McDonald (Pontiac)
McDonald (Souris)
McGregor
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
MacLennan
MacMillan
McNevin (Victoria, Ont.)
McNiven (Regina City)
MacNicol
McPhee
MacRae
Mallette
Manion
Marsh
Martin
Massey
Matthews
Mayhew
Michaud
Moore
Motherwell
Mullins
Mulock
Mutch
Neill
O'Neill
Parent (Terrebonne)
Patterson
Perley
Plaxton
Pottier
Pouliot
Power
Purdy
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (St. Pauls)
Ross (Moose Jaw)
St-Père
Sanderson
Slaght
Spence
Stevens
Stewart
Stirling
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thompson
Thorson
Tomlinson
Tucker
Turgeon
Turner
Tustin
Veniot
Vien
Walsh
Ward
Warren
Weir
Wermenlinger
White
Winkler
Wood
Young—190.

Mr. BERTRAND (Prescott): I was paired with the hon. member for Eglinton (Mr. Baker). Had I voted, I would have voted against the amendment to the amendment.

Mr. LALONDE: I was paired with the hon. member for Red Deer (Mr. Poole). Had I voted I would have voted against the amendment to the amendment.

The house divided on the amendment (Mr. Manion) which was negatived on the following division:

YEAS

Messrs:

Anderson
Barber
Blackmore
Brooks
Cahan
Casselman
Church
Clarke (Rosedale)
Coldwell
Douglas (Weyburn)
Elliott (Kindersley)
Esling
Fair
Graydon
Green
Hansell
Harris
Hayhurst
Heaps
Héon
Homuth
Hyndman
Jaques
Johnston (Bow River)
Kennedy
Kuhl
Landeryou
Lawson
Lennard
Lockhart
McGregor
MacInnis
MacNeil
MacNicol
Macphail
Manion
Marsh
Marshall
Massey
Mitchell
Needham
Pelletier
Perley
Quelch
Ross (St. Paul's)
Rowe (Athabaska)
Stevens
Stewart
Stirling
Thompson
Tustin
Walsh
Wermenlinger
White
Woodsworth—55.

NAYS

Messrs:

Ahearn
Barry
Beaubien
Bercovitch
Bertrand (Laurier)
Black (Chateauguay-Huntingdon)
Blair
Blais
Blanchette
Bonnier
Bothwell
Bouchard
Boulanger
Bradette
Brasset
Cameron
Cardin
Chevrier
Clark (Essex South)
Clark (York-Sunbury)
Cleaver
Cochrane
Coté
Crerar
Crète
Davidson
Deachman
Denis
Deslauriers
Donnelly
Douglas (Queens)
Dubuc
Duffus
Dunning
Dupuis
Dussault
Elliott (Middlesex West)
Emmerson
Euler
Evans
Factor
Fafard
Farquhar
Ferguson
Ferland
Ferron
Finn
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Francœur
Furniss
Gardiner
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Grant
Gray
Hamilton
Hanson
Hartigan
Hill
Howard
Howden
Hurtubise
Hushion
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Leader
Leclerc
Leduc
Little
McAvity
McCallum
McCann
McCuaig
McCulloch
Macdonald (Brantford City)
McDonald (Pontiac)
McDonald (Souris)
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
MacLennan
MacMillan
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
MacRae
Mallette
Matthews
Mayhew
Michaud
Moore
Motherwell
Mullins
Mulock
Mutch
Neill
O'Neill
Parent (Terrebonne)
Patterson
Plaxton
Pottier
Pouliot
Power
Purdy
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (Moose Jaw)
St-Père
Sanderson
Slaght
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thorson
Tomlinson
Tucker
Turgeon
Turner
Veniot
Vien
Ward
Warren
Weir
Winkler
Wood
Young—155.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Black (Mrs.)
Senn
Rowe (Dufferin Simcoe)
Brown
Baker
Spence
Howe
Maybank
Lacroix
Martin
Bertrand (Prescott)
Fraser

Mr. BERTRAND (Prescott): I was paired with the hon. member for Eglinton (Mr. Baker). Had I voted I would have voted against the amendment.

Mr. MARTIN: I was paired with the hon. member for Hamilton East (Mr. Brown). Had I voted I would have voted against the amendment.

Mr. LALONDE: I was paired with the hon. member for Red Deer (Mr. Poole). Had I voted I would have voted against the amendment.

Motion (Mr. Matthews) agreed to.

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the address be engrossed and presented to His Excellency the Governor General by such members of this house as are of the honourable the privy council.

Motion agreed to.

SUPPLY

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That this house will, on Monday next, resolve itself into a committee to consider of a supply to be granted to His Majesty.

Hon. R. J. MANION (Leader of the Opposition): This is just a pro forma motion, is it not?

Mr. MACKENZIE KING: The rules provide that once the address has been agreed to, the next order of business is to constitute the committees of supply and ways and means.

Motion agreed to.

WAYS AND MEANS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That this house will, on Friday next, resolve itself into a committee to consider of the ways and means for raising the supply to be granted to His Majesty.

Motion agreed to.

MAIN ESTIMATES 1939-40

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That the message of His Excellency the Governor General, together with the estimates presented on January 25, 1939, be referred to the committee of supply, with the exception of items Nos. 442, 443 and 454.

He said: I might explain that the items excepted are those which are later to be referred to the special committee on the Canadian National Railways.

Motion agreed to.

BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Would my hon. friend have any objection to the house proceeding to government notices of motion so that we might introduce the three resolutions under that heading?

[Mr. Martin.]

Hon. R. J. MANION (Leader of the Opposition): To-night?

Mr. MACKENZIE KING: Yes.

Mr. MANION: I think we have been here long enough.

Mr. MACKENZIE KING: It would take only about two minutes, but if there is objection to introducing them I would move that the house do now adjourn.

Mr. MANION: What will be the business to-morrow?

Mr. MACKENZIE KING: To-morrow we shall take whatever business appears on the order paper. We shall start at the beginning and go right on, just in the order in which it appears.

Mr. MANION: I assume the government will introduce the three government orders to which the Prime Minister has just referred?

Mr. MACKENZIE KING: That was what I wanted to do, to take up the three government notices of motion in order that we might be in a position to bring them on to-morrow. All that is necessary is for the house to permit the ministers to state that His Excellency the Governor General has been informed of the subject matter of these resolutions and recommends them to the house. Then to-morrow they would appear under government orders, but if we cannot do that they will just stay where they are.

Mr. MANION: The Minister of Finance (Mr. Dunning) and I have made long speeches to-night, and I think we need a rest. We had better leave it until to-morrow.

Mr. MACKENZIE KING: Very well. I move that the house do now adjourn.

Motion agreed to and the house adjourned at 11.02 p.m.

Friday, February 3, 1939

The house met at three o'clock.

BREN MACHINE GUN CONTRACT

PUBLIC ACCOUNTS AND REPORT OF AUDITOR GENERAL —REFERENCE TO PUBLIC ACCOUNTS COMMITTEE

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, pursuant to notice given I move:

That the public accounts and the report of the auditor general for the fiscal year ending March 31, 1938, be referred to the standing committee on public accounts.

Motion agreed to.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, on a point of order, yesterday, having given earlier in the week the notice required under the rules of the house, I endeavoured to move a motion which was read to the house, and on your order it was allowed to stand. I submit that on this occasion my motion has priority to that which has been introduced now by the Minister of Finance (Mr. Dunning) inasmuch as the first part of my motion deals with a reference to the public accounts committee of the public accounts and the report of the auditor general.

Mr. DUNNING: On the point of order, I also gave notice several days ago of my intention to move this motion. From my point of view it is a formal motion, one which it is my duty to move.

Mr. LAPOINTE (Quebec East): It has to be done.

Mr. DUNNING: It must be done, I think. I am not interfering at all with my hon. friend.

Mr. MacNEIL: May I have permission to move my motion?

Mr. FINN: I think that—

Mr. SPEAKER: Order.

Mr. MacNEIL: I desire to move, seconded by the hon. member for Weyburn (Mr. Douglas):

> That the public accounts and the report of the auditor general for the fiscal year ending March 31, 1938, together with a copy of the agreement between the government and the John Inglis Company of Toronto for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts.

I have already declared my views with regard to this situation. I do not intend to weary the house at this stage with any needless repetition. I merely point to the fact that on page 35 of the report the Hon. Mr. Justice Davis says very definitely:

> It will be for those charged with the responsibility of dealing with the facts, i.e., the government and parliament, to examine and study them and to take such action . . . as they may see fit.

I submit that this house cannot evade its responsibility in respect of the specific issues referred to parliament by the commission, namely, one, as to whether or not the possibilities of public manufacture or manufacture in publicly controlled factories were fully explored by the government instead of resorting to—

Mr. SPEAKER: Order. Are there any other hon. members who wish to speak to the point of order? The hon. member has given me a motion to be presented, but I have not yet put it.

Mr. DUNNING: I submit, Mr. Speaker, that there is no point of order.

Mr. MacNEIL: The second specific reference is contained on page 35 of the report wherein parliament is asked to judge whether the conduct of the individuals concerned was above question. I wish to make it clear that the question of personal corruption and graft is not a matter of reference to the committee, but there is a necessity for inquiring as to whether or not accurate statements were made.

Mr. SPEAKER: I would direct the attention of the hon. member to the fact that the motion he has handed me for presentation to the house is in one respect similar to a motion already moved by the Minister of Finance (Mr. Dunning). Standing order 47, paragraph 384 reads:

> It is a rule in both houses, which is essential to the due performance of their duties that no question or bill shall be offered that is substantially the same as one on which their judgment has already been expressed in the current session.

A motion was presented by the Minister of Finance and adopted by the house, and as I read the motion which the hon. gentleman now proposes to submit, it is substantially the same.

Mr. MACKENZIE KING: On the point raised, may I say, Mr. Speaker, that, as I see it, the essential feature of the motion proposed by the hon. member for Vancouver North (Mr. MacNeil) is to get a certain agreement referred to the public accounts committee. When that agreement is before the committee he wishes also to be sure that the public accounts of the year and the report of the auditor general have been submitted. The Minister of Finance, following the customary procedure in this house, immediately after the committees of supply and ways and means had been set up, tabled the public accounts and the auditor general's report and requested that they be referred to the public accounts committee, which committee was constituted some days ago. That part of the motion of my hon. friend has now been complied with, but what he is mainly after is the reference to the public accounts committee of the contract with the John Inglis Company Limited, also the report of the royal commission on the Bren machine gun contract. That is the part of his motion which my hon. friend is concerned about, although it refers also to the other two reports. As regards the other

two, I submit it is raising a question on a mere technicality and the house should not pay attention to that aspect of it, but should allow the hon. gentleman to proceed with his motion.

Mr. MANION: Before you give your ruling, Mr. Speaker, may I say that I entirely agree with the Prime Minister. The motion of the Minister of Finance is a pro forma motion and while there is some overlapping, it is not intentional.

Mr. SPEAKER: It would be better if the hon. member deleted the words having to do with the reference of the public accounts and the auditor general's report to the public accounts committee.

Mr. MacNEIL: I was under the impression that I was following the prescribed formula necessary to secure reference of the matter to the public accounts committee. I thought that in order to attain this end it was necessary for me to introduce my motion with the preface which it carries. I understand the Prime Minister agrees that there is no overlapping.

If I may proceed, the third issue which should be referred to the public accounts committee, and on which parliament was asked to judge, was whether adequate reasons existed for the failure of the interdepartmental committee to report back to the government when the system of supervision of contracts broke down. Reference to this will be found on page 41 of the commissioner's report.

The fourth point is whether the procedure followed in negotiating the contract protected the public interest. That reference is on page 49.

The fifth and final specific reference is whether proper steps were taken to ensure proper discharge of the responsibility assumed in the selection of a favoured contractor. That reference will be found on page 50.

I wish to add, before I take my seat, that in my opinion it is the responsibility of this committee to examine the system of awarding contracts of this kind to ensure that the operation of political patronage does not in any way prejudice the public interest. I submit that the proper method of inquiry is through a standing committee of this house. It may not be necessary to review all the evidence that was heard before the commissioner, but certain facts have been cited, and starting at the point where the commission left off parliament should deal with the matter in a very searching and adequate way. I submit that this matter should be referred without delay to the standing committee on public accounts with instructions to go into it thoroughly and report back to the house thereon, and I so move.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I rise not in any way to oppose the motion of my hon. friend, but rather to remind him that the government indicated some days ago that they were quite prepared to support his motion and to allow it to carry. In fact, when my hon. friend sought yesterday to have the motion carried without debate, the government acquiesced at once, and only because of an objection raised by the leader of the opposition (Mr. Manion) has the motion not already carried and the reference been made to the public accounts committee. An objection having been raised to having the motion carry without debate, I feel I should say a word or two regarding the circumstances which governed the actions of the administration in having the matter referred to in the motion already inquired into.

As the house is aware, the occasion of the inquiry was the publication in *Maclean's* magazine, on September 1, of a sensational article entitled Canada's Armament Mystery. This article attracted a great deal of attention in the public press. It did not contain any charges, but it had allegations of a sort which were calculated to create suspicion with respect to the manner in which government contracts in connection with armaments and munitions were being awarded or carried out. When this article appeared inquiries were made immediately of the Minister of National Defence (Mr. Mackenzie), of myself and others as to what we thought about it. As I recollect, the Minister of National Defence was on his way back from British Columbia to Ottawa when he was interviewed by a reporter of one of the newspapers and asked what he thought about the allegations that were made in the article. The minister replied that he thought that, as soon as parliament met, the article itself and all matters to which it referred should be made a subject of reference to the public accounts committee and the fullest possible inquiry made by the committee into the particular contract to which the article referred, namely, the contract respecting the manufacture of Bren machine guns which had been awarded to the John Inglis Company Limited. That was the minister's position the moment he saw the article.

As I have said, the article was published on September 1, and the minister reached Ottawa a few days after. When he arrived in Ottawa there was a meeting of the cabinet which he attended. He brought the matter up for the consideration of the government, and

he felt, and other members of the government felt, that if this article with the allegations it contained were to go without investigation until parliament reassembled, which would be some time in the new year, there would immediately be created in the public mind considerable concern over these allegations and it would be assumed that the government was seeking to avoid inquiry into the matter. The government took the alternative course of not delaying for one moment the matter of instituting an inquiry, and adopted the course which would afford the most effective means for the fullest and most searching kind of inquiry, namely, an inquiry under royal commission by a judge of the Supreme Court of Canada.

I ask hon. members if it is not a fact that had there been no judicial inquiry into this matter up to this time, the government would long ere this have been charged with having waited until this parliament met before having any inquiry made into the allegations. That is undoubtedly the indictment which we would have met as soon as we assembled here, that serious charges had been made against the Department of National Defence on a matter connected with that department at a time when conditions in the world were very critical, and that we had allowed months to pass without having any inquiry made. The government felt that the matter was all-important, in the sense that it was desirable that any ground even for suspicion concerning the conduct of the minister or any member of his staff or anything that had been done or left undone by any official of the government should be immediately known or removed and not permitted to remain a matter of conjecture. The government therefore decided to have a royal commission appointed at once.

In connection with the appointment of the royal commission I should like to draw the attention of hon. members to the fact that the government selected as the commissioner one holding such a high judicial position and so well known by the citizens of Canada generally that there could be no doubt in the mind of anyone as to the appropriateness of the appointment for an inquiry of the kind. The government made its selection from the personnel of the Supreme Court of Canada. May I also draw to the attention of the house the fact that the judge of the Supreme Court selected was not a member of the judiciary who had been appointed under a Liberal administration but one who owed his appointment to a Conservative administration, an administration of which my hon. friend the present leader of the opposition was a member. I think I am right when I say that throughout Canada generally it was felt that if the government had searched the country over, no single person, unless it were the chief justice himself, could possibly have been chosen who would have been regarded as so completely disinterested and so well qualified to perform the function of commissioner in an investigation of this kind as was Mr. Justice Davis.

The article as I say appeared on September 1. It was on September 7 that the commission was issued to Mr. Justice Davis. The commission opened its proceedings on September 19; the proceedings continued until November 24; on December 29 the report of the commissioner was presented. It was immediately translated into French, printed in both French and English, and was tabled the day after this house began its session. I ask if more expedition to have all the facts brought out in the inquiry made available to this House of Commons when parliament met, was possible.

I have mentioned the eminent suitability of Mr. Justice Davis as commissioner, and the expedition with which the whole inquiry was conducted. I should like to emphasize as well the thoroughness with which the investigation was carried on. Perhaps before indicating what Mr. Justice Davis himself felt about the thoroughness of the inquiry, I might give to the house the text of the order in council pursuant to which the commission was appointed. The order will indicate more clearly than anything else the scope of the authority which the commissioner had in conducting the inquiry. The order is dated the 7th September, 1938, and is as follows:

P.C. 2251.

The committee of the privy council have had before them a report, dated September 7, 1938, from the Right Hon. W. L. Mackenzie King, the Prime Minister, representing that a certain Canadian periodical publication, dated September 1, 1938, contained a general article under the caption "Canada's Armament Mystery," purporting to have been prepared by Lieut.-Col. George A. Drew.

The Prime Minister observes that the author criticized some of the provisions of a certain contract executed on the 31st day of March, 1938, and tabled in parliament on the 29th day of June, 1938, made between His Majesty the King represented by the Honourable the Minister of National Defence for Canada and John Inglis Co., Limited, whereby the company undertook to furnish to His Majesty a certain supply of Bren machine guns for the use of the defence forces of Canada; numerous allegations relating to the negotiation, the terms of the contract and transactions thereunder, were made by the author as a result of which considerable public interest has since been evinced.

The Prime Minister is of opinion that a full and complete inquiry should be set on foot

with the least possible delay in order that the public may be fully informed of the circumstances surrounding the making of this contract and the terms thereof.

The Prime Minister, therefore, recommends that the Honourable Mr. Justice Henry Hague Davis, a judge of the Supreme Court of Canada, be appointed a commissioner under Part I of the Inquiries Act to inquire fully into the preliminary discussions and negotiations leading up to and the completion of the said contract, and into the shareholdings and the transactions, if any, in the shares or securities of the said company, and the connection or activities, if any, of any member of the House of Commons in the discussions and negotiations leading up to the said contract or in the affairs of the said company or in the sale of shares or securities of the said company, and generally to inquire fully into all matters relating to the said contract and to the affairs of the said company and to the steps taken to protect the public interest; and to report upon the same.

The Prime Minister further recommends that the commissioner be authorized to engage the services of such technical advisers or other experts, clerks, reporters and assistants as he may deem necessary or advisable.

The committee concur in the foregoing recommendations and submit the same for approval.

(Signed) H. W. Lothrop,
Asst. Clerk of the Privy Council.

Mr. CAHAN: Will the Prime Minister permit a question?

Mr. MACKENZIE KING: Yes.

Mr. CAHAN: Did the commission which was issued follow in exact terms the last half of that order in council? Without discussion, I would just say that the commissioner's attention would not be directed to the order in council but rather to the terms of the commission issued to him.

Mr. MACKENZIE KING: I have not the commission before me, but I should think it would have followed the terms of the order in council. If it did not, I shall read to my hon. friend in a moment a letter which I personally sent to the commissioner at the time I transmitted to him a copy of the order in council appointing him a commissioner. The letter made clear to Mr. Justice Davis that if in the course of the inquiry any more latitude were required for investigation of any phase of the matter, the government would see that it was accorded to him, and if necessary to this end, his commission would be amended accordingly.

When the order in council was passed, the matter being one of great public interest, I released to the press from the office of the Prime Minister a statement making perfectly clear the desire of the government that the inquiry should be as complete, comprehensive and thorough as it was possible to make it. The statement I think appeared in all the papers of the country, but I shall read it to hon. members in order to refresh their memories:

On Thursday last the Honourable Mr. Mackenzie, Minister of National Defence, on behalf of the government, announced that a royal commission would be appointed to undertake as soon as possible an inquiry into the allegations made by Colonel George Drew in Maclean's Magazine of September 1st, regarding the contract made by the National Defence department with the John Inglis Company of Toronto for the manufacture of Bren guns.

At the request of the Prime Minister, Mr. Justice Davis of the Supreme Court of Canada, has agreed to undertake the inquiry. Mr. Justice Davis has done so on the understanding that he receive only his out-of-pocket expenses.

The Honourable J. L. Ralston has been retained as counsel for the government to assist the commission.

The reference to the commission, while it does not specifically mention the article in Maclean's magazine, has been made broad enough to cover all of Colonel Drew's allegations, as set forth therein. This being its purpose, should it appear to the commissioner in the course of his inquiry that the terms or wording of the reference are to this end inadequate in any particular, the reference will be enlarged as, in the opinion of the commissioner, will serve adequately to meet its intended purpose.

The government hopes Colonel Drew will appear before the commission and give all the assistance he can in substantiation of his allegations. Further, the government would be prepared to pay the reasonable expenses and remuneration of counsel for Colonel Drew, should he wish to engage counsel to assist him.

As soon as the preliminary work of organization of the commission is completed, the inquiry will commence. This, it is expected, will be not later than the 19th instant.

In the troubled world of to-day, the Canadian people reluctantly have shouldered what is, for them, a very considerable burden, for the purpose of national defence. The Prime Minister and the Minister of National Defence, and the government as a whole, desire that in all the defence measures that may be taken by the government, not only shall there be no wrongdoing, but no suspicion of wrongdoing. The Canadian people are entitled to this. The article published by Colonel Drew cannot but create suspicion on these matters in the minds of the Canadian people. For this reason the government desires that the inquiry be conducted as expeditiously and as thoroughly as possible.

Mr. MANION: I did not quite catch what my right hon. friend said at first. Is that a letter to Mr. Justice Davis or a statement to the press?

Mr. MACKENZIE KING: That is a statement which was given out to the press from the office of the Prime Minister on September 7; but when I communicated with Mr. Justice Davis in regard to his commission and the order in council which was passed in reference thereto, I enclosed a copy of that statement so that Mr. Justice Davis would see

clearly what was in the mind of the government with respect to the scope of the inquiry, the thoroughness with which we expected the investigation to be made and the readiness of the administration to enlarge the commission in any way, at any time should he deem that course necessary in order to give him all the scope possible.

Mr. MANION: If I might ask one further question, was a copy of that statement also sent to Mr. Ralston, the government counsel?

Mr. MACKENZIE KING: Mr. Ralston would, I presume, have seen the statement in the press; there was no special copy sent to him as far as I recall. Since my hon. friend has mentioned Mr. Ralston I might inform the house that Mr. Justice Davis was prepared to accept the work of the commission only on the condition that he should receive no remuneration for his services but merely that his out-of-pocket expenses should be met. Colonel Ralston was appointed by the government to assist the commission. Colonel Ralston also regarded the matter as one of public duty at a time of great concern in the country, and he also agreed to act as counsel to assist the commission, but only on the condition that he would not be given any honorarium or remuneration for his professional services but allowed simply such expenses or disbursements as might be incurred in the course of the inquiry.

The letter I wrote Mr. Justice Davis was as follows:

Office of the Prime Minister
Canada

Ottawa, September 8, 1938.

The Honourable Mr. Justice Davis,
361 Mariposa Road,
Rockcliffe,
Ottawa, Ontario.

My dear Mr. Justice Davis:

I have pleasure in enclosing a copy of order in council P.C. 2251, covering your appointment as a commissioner to inquire fully into the circumstances of the contract with the John Inglis Company for the supply of Bren machine guns for the use of the defence forces of Canada. I enclose, as well, a copy of the statement given to the press following the meeting of the cabinet yesterday.

I should like to take advantage of this opportunity to express the deep appreciation of my colleagues and myself of your willingness to undertake this public duty. I need scarcely add that you will have the full support and cooperation of the government which, above all else, desires that the inquiry be carried out in a manner which will meet with the entire approval of the Canadian people.

With kindest personal regards,

Yours very sincerely,

W. L. Mackenzie King.

The reply by Mr. Justice Davis to this communication was as follows:

Judges' Chambers
Supreme Court,
Ottawa
September 10th, 1938.

The Right Honourable W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa.

My dear Mr. Prime Minister,

Your letter of the 8th instant, enclosing a copy of order in council P.C. 2251 covering my appointment as a commissioner to inquire fully into the Bren machine guns contract, as well as a copy of the statement given to the press, have been duly received.

I particularly note your assurance of the full support and cooperation of the government in the work of the commission and please accept my assurance that I do value the expression of the appreciation of yourself and your colleagues in my undertaking the work.

I was made fully aware by Mr. Crerar on your behalf of the government's attitude in the whole matter before accepting the commission and it was such that it became, with the full concurrence of the chief justice of the court, my plain duty to accede to your request under the special circumstances.

Yours very truly,

H. H. Davis.

The reference to my colleague the Minister of Mines and Resources (Mr. Crerar) in that letter arises from the fact that my colleague was acting Prime Minister during part of the time I unfortunately was indisposed, when this matter first came up. At my request he went to confer with Mr. Justice Davis and with the chief justice with respect to securing, if possible, the services of Mr. Justice Davis for the work of the commission.

Just here I should like to say how much the government appreciated Mr. Justice Davis undertaking this task as a public duty, and also the kindness of the chief justice, the Right Hon. Sir Lyman Duff, in allowing one of the members of his court, at a time when the court was pressed in its work, to give the necessary time to conduct this all-important inquiry. Both the chief justice and Mr. Justice Davis were actuated, I know, by the highest motives of public service, and I think I should express to each of them the appreciation not only of the government but of this house in not having hesitated to inconvenience themselves to the extent they did in being prepared to have the work of the commission taken on by a member of the court as well as for the valuable public service which was thereby performed.

What I have read indicates, I believe, as clearly as anything possibly could that it would have been impossible to have given any commissioner more complete authority to inquire into every phase and aspect of a situation than was given to Mr. Justice Davis.

I think there is no question but that the commissioner so understood his powers, and that he conducted the inquiry in a manner which would enable him to say to the government that the whole task had been performed very thoroughly. I should like to read what Mr. Justice Davis himself has said with respect to the thorough manner in which the inquiry was conducted. The house has before it the report of the royal commission on the Bren machine gun contract, and at page 4 hon. members will find the following statement by Mr. Justice Davis:

> The commission opened on September 19, 1938, and concluded on Thursday, November 24, 1938. The taking of testimony and the argument of counsel occupied thirty-six days. With the exception of Major General Caldwell (then master general of the ordnance) of the Department of National Defence, whose illness prevented his being examined at any time during the sittings of the commission, every one who it was thought might be able to throw light on the subject of the inquiry gave testimony voluntarily.
>
> It was not necessary to issue a single subpoena to enforce the attendance of any witness. Your commissioner is satisfied that all available documents in any way relevant and material to the subject matter of the inquiry were presented to the commission.

And later, at page 52, in the concluding portions of the report Mr. Justice Davis emphasizes again the complete nature of the inquiry, in the following words:

> All the sittings of the commission were public and your commissioner was pleased to hear counsel characterize the inquiry at its close, as "a most searching and thorough inquiry."

Just in passing I should like to direct attention to the words of the commissioner wherein he states that all the sittings of the commission were public. In so doing I must refer to the somewhat hasty remarks made yesterday by my hon. friend the leader of the opposition (Mr. Manion) when he said that in having the matter referred to the public accounts committee it was being referred to some "packed committee" which would hold its proceedings behind closed doors. I was pleased to notice my hon. friend felt he had used an exaggerated and unwarranted phrase at the time, and withdrew it. The point I wish to make clear at this time is that the public accounts committee does not operate behind closed doors. The inquiry by the committee will be as much in the open as was the inquiry before Mr. Justice Davis.

Further, I would point out with respect to the composition of the committee that, so far as representation from the different sides of the house is concerned, it will be precisely the same proportions and follow the same rules as have been followed in setting up all committees in previous sessions and in all parliaments.

There is only one other matter to which I should like to refer—because I do not think this is the occasion on which to debate any phases of the report. My opinion is that matters therein referred to come up more properly at other times. The motion now before us has regard to the reference of the John Inglis Company contract, and one or two other matters, to the committee on public accounts. Inasmuch, however, as the leader of the opposition has indicated that it is desirable to have a debate on the motion in its present form, nothwithstanding the acceptance by the government of the motion in its entirety, and the fact, as has been already pointed out, that part of what is requested in the motion has already been met through the tabling of certain reports and their reference to the public accounts committee, I believe I should at once read to the house what the commissioner has to say with respect to the conduct of the Minister of National Defence, the conduct of officials in the minister's department and of others of the public service whose action in some particular would seem to have been called in question by the allegations in the article which occasioned the appointment of the commission.

I direct the attention of the house to what is said at page 51 of the report. Before reading may I repeat that the commissioner indicated nothing had been left undone which he thought could have been done, that the inquiry was as searching as it possibly could be, and that everything which was considered relevant was fully inquired into. The commissioner says:

> There is no evidence that any member of the Senate or of the House of Commons of Canada was admitted to any share or part of the contract, or to any benefits to arise therefrom, or had been promised or given any suggestion that he was to have any share or part of the contract or was to be admitted to any share or part of the contract, or to any benefit to arise from the contract.

Then a little farther on he says:

> There is no evidence that any senator or member had any connection with or took any part in the affairs of the company or in the sale of shares or securities of the company.
>
> I think it right to say that there is no evidence (nor is there in the evidence any ground for suspicion) that the minister or the deputy minister or any officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption.

I have felt it desirable to place this quotation from the report before hon. members, particularly because of the intimation made by the leader of the opposition that despite

its acceptance by the government we are to have a debate on the motion at the present time.

May I conclude my observations by drawing the attention of hon. members to the rules of the house with respect to committees appointed to inquire into particular matters. I raise the point I do because I believe it suggests something that possibly the leader of the opposition as well as many other hon. members may have overlooked. It is a point which I believe is important to bring to their attention before the debate proceeds further. Subsection 2 of standing order 63 with respect to select special committees of the house, as it appears in Beauchesne's parliamentary rules and forms, is as follows:

> It shall always be understood that no member who declares or decides against the principle of a bill, resolution, or matter to be committed, can be nominated of such committee.

Citation No. 625, which is explanatory of the rule, is as follows:

> The term "select" committee, is usually applied to designate a committee appointed to consider a particular subject, on the occurrence of the occasion for its appointment, as where a committee is appointed to consider a petition or memorial, or to make inquiries into a particular subject. Select committees are sometimes turned into standing committees by subsequent references to them relating to the same subject.

I am aware, Mr. Speaker, that the committee on public accounts is not a select special committee, but that it is one of the standing committees of the house. As I have just indicated, however, a select special committee may become a standing committee. I submit, however, that the principle is precisely the same with respect to what should govern the action of hon. members in discussing a matter which is being referred to any committee, for purposes of investigation and adjudication.

The public accounts committee will have in its membership several hon. members of the house and, when this motion carries, the committee will have referred to it the contract in question and matters relevant thereto. Each hon. member of the committee will be expected, on his honour, to investigate fully the matter which has been referred to the committee of which he is a member. He will be expected, as one who is privileged to sit on the committee, to form his judgment with respect to what should be reported to the house. The house in turn will be expected to consider, with the regard that is due a report coming from the public accounts committee, what is sent to it by members of that committee as a result of the special opportunity they have had to inquire into all aspects of the matter referred to them.

Mr. STEVENS: May I ask a question?

Mr. MACKENZIE KING: Yes.

Mr. STEVENS: I am not sure I understand the Prime Minister. Does the right hon. gentleman say that any hon. member who might now, during this stage of the debate on the resolution, take a position opposing the reference to the public accounts committee, would be prohibited from sitting on that committee?

Mr. MACKENZIE KING: No, no. I am glad the hon. member has raised a question with respect to the possibility of any hon. member opposing the reference to the public accounts committee. I think it is quite possible that after the very thorough inquiry made under royal commission by Mr. Justice Davis it might have been expected by some that the government, particularly when parliament is sitting and has many important duties to perform, would have opposed a second investigation which was likely to occupy a great deal of time and involve a heavy expense, and one which would go over the same ground. Some hon. members may have thought that for these reasons the government would oppose a motion to refer the matter to a committee.

Had the government taken that stand, of course we would have expected hon. members to debate at great length the question whether or not we were justified in refusing to have the matter investigated a second time by a committee of the house. But the government is not taking that stand. On the contrary it is agreeing to the matter going for further inquiry to the public accounts committee, and the matter is going to a committee which will have the fullest rights of inquiry. The government will expect the committee to perform the duty which falls upon all committees, namely to report back to the house the results of its inquiry. When the committee's report is received in this house there will be an opportunity afforded to debate the whole question at any length that hon. members may wish. We are not seeking to shut off debate on this question. Least of anyone do I wish to shut it off, but I do wish to point out to the house that the inquiry before the public accounts committee will of necessity run over very much the same ground as has already been gone over. It will involve a great deal of the time of hon. members of this house and particularly of the minister, as well as of members of the public service when there are many serious matters for us to discuss here, and to be attended to elsewhere. The time for general debate it seems to me is when the committee has reported.

The point I am raising for consideration at the moment is whether hon. members have considered their position in entering into a debate at the present time on a matter that is to be referred to the public accounts committee and possibly determining by the remarks that they may make what their attitude will be in that committee, thereby prejudging the whole matter. I have no desire in any way to preclude debate. The hon. member for Vancouver North has moved that a certain matter should be referred to the public accounts committee. His motion was in proper form, and so far as I was able to hear what he had to say in supporting his motion, he gave no expression of view which could prejudice his position if he were on the public accounts committee. What I am concerned about is that some other hon. members in the course of debate at this stage may without realizing the significance of their actions commit themselves by their expressions to such an extent that every man, woman and child in this country will know that they have arrived at a particular attitude which they intend to maintain in the committee, and that the committee therefore would lose in the public mind if not also in fact the judicial aspect which it ought to have.

I think that the matter is sufficiently clear. As I say, if it were a special committee of the house being appointed for this purpose and to which this reference was being made, no hon. member who had expressed views in this house which prejudged the situation would be entitled to sit on that committee. I submit that in this particular case, seeing that the reference is specific, the public accounts committee is, as regards the position of those who may serve on it, very much in the same position as if the reference had been to a special committee. The underlying principle is the same. I regard the matter as being sufficiently serious to warrant a step which will enable hon. members to consider their attitudes carefully before they begin to speak in the course of the debate. In order to give them that opportunity I propose to move the adjournment of the debate with a view to having it continued on Monday next instead of proceeded with this afternoon, and I move accordingly.

Hon. C. H. CAHAN (St. Lawrence-St. George): On a point of order, before the motion is put, because that motion to adjourn is not debatable.

Mr. SPEAKER: The motion for the adjournment is not debatable.

Mr. CAHAN: The reference the Prime Minister made cannot be applied to hon. members who are members of a standing committee of the house. The paragraph of standing order 65 which he read makes it very clear that it refers to a special committee and does not refer to a standing committee of the house. Paragraph 2 of standing order 65 reads:

> It shall always be understood that no member who declares or decides against the principle of a bill, resolution, or matter to be committed, can be nominated of such committee.

That refers to the appointment of a special committee to consider a special bill, resolution or matter. After the discussion regarding the appointment of a special committee, it is clear from this that no person who has declared against the principle of a bill, resolution or matter can be appointed as a member of that special committee. But that does not refer to a standing committee of the house because such a committee is already appointed. It is open to discuss before that committee any matter that is properly before it by order of the house. In this case the fact that this matter is being referred to a standing committee instead of a special committee shows that the members of that standing committee are not now precluded from expressing opinions with regard to the subject matter. I suggest that the statement just made by the Prime Minister is by way of intimidation rather than enlightenment.

Mr. MACKENZIE KING: If my hon. friend were not such an old member of this house and usually such a gentleman I would ask him to withdraw his remark that I am trying to intimidate the house.

An hon. MEMBER: Withdraw it.

Mr. CAHAN: I have not suggested that. Perhaps the word "intimidate" may be too strong and I shall withdraw it. But he was trying to influence members of the committee who might speak on this motion and so preclude them from exercising their ordinary rights and privileges in discussing the motion.

Mr. MACKENZIE KING: If my hon. friend will take the trouble to read in *Hansard* what I have said he will see why out of respect for his years I did not interrupt him while he was speaking. He has repeated exactly what I said and made very clear. I stated in the plainest possible language that there was a difference between a standing committee and a select committee; that the members of a standing committee were free, despite what they might say, to be on that committee, but that if they were members of a special committee to which a particular matter had been referred they would not be allowed to sit on the committee if they in any

way had prejudged the matter during the course of a debate. I was pointing out that to all intents and purposes the principle was the same—

Mr. CAHAN: That is where in the application of the rule I differ entirely.

Mr. MACKENZIE KING: —in regard to a matter which is being referred specially to a committee. My hon. friend may take a different view of it when he comes to speak, but I say to him that if in the course of his remarks he, because of the latitude which is permitted him in debate, prejudges the issue which is being referred to the committee, the public itself will form its own opinion as to how unbiased he is likely to be as a member of the committee.

Mr. CAHAN: I am quite willing to submit my reputation to the public.

Some hon. MEMBERS: Question.

Mr. MACKENZIE KING: If hon. members wish to divide and enough of them will rise, to indicate that such is their wish, the house will have a division.

Mr. HEAPS: I would just point out to the Prime Minister that the only objection taken is to the fact that the Speaker has not called for the ayes and nays.

Mr. SPEAKER: Those in favour of the motion will please say aye.

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those opposed will please say nay.

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the ayes have it.

Some hon. MEMBERS: On division.

Motion (Mr. Mackenzie King) agreed to on division, and debate adjourned.

LOAN OF $750,000,000

TO MEET LOANS OR OBLIGATIONS, TO PURCHASE UNMATURED SECURITIES, AND FOR GENERAL PURPOSES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That the governor in council be authorized to raise by way of loan under the Consolidated Revenue and Audit Act, 1931, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

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

Motion agreed to.

FISHING INDUSTRY

MOTION FOR ADJOURNMENT TO DISCUSS MATTER OF URGENT PUBLIC IMPORTANCE—LOSS OF LOBSTER TRAPS AND EQUIPMENT ON WESTERN COAST OF NOVA SCOTIA

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I draw attention to a matter which I think his honour the Speaker may have overlooked. The hon. member for Halifax (Mr. Finn) had risen on motions to discuss a matter which he wished to discuss yesterday but was then too late in bringing up. I think the hon. member is entitled to speak on motions before we proceed to government notices of motion, under orders of the day.

Mr. R. E. FINN (Halifax): Mr. Speaker, I desire first to thank the Prime Minister (Mr. Mackenzie King). I rise for the purpose of asking your leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance. The motion is seconded by the hon. member for Kamouraska (Mr. Bouchard). The matter I desire to place before the house, in order to establish my right to go on with it under my motion is the distress amongst the lobster fishermen, particularly in the province of Nova Scotia, from Cole Harbour in Halifax county to "Hubbard's" and from there down through Lunenburg-Queens, Shelburne-Yarmouth and that part of Digby county which is part of Shelburne-Yarmouth county.

The severe losses which were sustained by the lobster fishermen from a terrific gale on December 6, which was a major disaster, deprived these fishermen of their pots, equipment, and gear, and to-day they have no means whatever of replenishing or renewing that equipment in order that they may earn a livelihood. Along the shores of my own constituency—and I believe the same situation exists in other constituencies along the coast —utter privation, want and distress prevail. In my own constituency the lack of nourishment of those who live along a part of that rockbound coast is such that tuberculosis has cast its gloom. Sisters of Charity, two

graduate nurses and a dietitian were sent into those districts. Two hundred quarts of milk and cream are being sent to the homes where this dread disease is taking toll.

Mr. SPEAKER: Order. The hon. gentleman has not yet had leave to move the adjournment of the house. I have not received a statement as to the urgency for adjournment.

Mr. FINN: I believe the rule says that a motion to adjourn the house for the purpose of discussing a definite matter of urgent public importance shall always be in order, and that no second motion to the same effect shall be made. It goes on to say later that in the motion you must give your preliminary grounds in order to show the reason, the cause, and the necessity of moving the adjournment of the house for the purpose of discussing it.

Mr. SPEAKER: The hon. member should state the matter that he wants to put before the house, and he is then supposed to hand the motion to the Speaker with a statement as to the urgency of the matter. He has not done so yet.

Mr. FINN: Well then, after these few preliminary remarks of mine as to the matter of urgency, I will hand to your honour the Speaker my reasons as set out in the motion, seconded by my hon. and genial deskmate—not classmate—the hon. member for Kamouraska.

Mr. SPEAKER: I have received the statement and have considered the remarks of the hon. member. I do not think the matter is of such urgent public importance that it is necessary to adjourn the house on that account. It may be a matter of urgent local importance, but that is not sufficient to sustain the motion.

Mr. FINN: Mr. Speaker, I did not catch what your ruling is. It is pretty hard for us in this chamber to hear.

Mr. SPEAKER: I said that I did not consider the matter one of urgent public importance and therefore, according to the rules, I was not bound to read the statement.

Mr. FINN: All I say, Mr. Speaker, is that I consider it is of sufficiently urgent importance, although of a local character—

Mr. SPEAKER: I have given my decision.

Mr. FINN: —in one province.

Mr. SPEAKER: I have rendered my decision.

[Mr. Finn.]

Mr. FINN: I appeal, Mr. Speaker, from your ruling. It is the first time I have ever done so, but I must do it.

Mr. ILSLEY: Mr. Speaker, on a point of order, I do not know whether your honour has given a decision, but I would support the hon. member for Halifax (Mr. Finn) in the submission that he is making, that it is a matter of urgent public importance. It has affected a large section of an important industry in eastern Canada.

Mr. MACKENZIE (Vancouver): On the point of order, Mr. Speaker, according to page 72 of the rules, if an hon. member asks for leave of the house, and it is granted, I believe he has the right to proceed. I understand that the hon. member has the leave of the house to proceed, and with all deference I suggest that he be allowed to go on.

Mr. SPEAKER: If twenty hon. members will rise to support the motion it will be considered.

And leave having been granted:

Mr. MANION: On a point of order, while I entirely agree with the decision of the house, and recognize that some of my hon. friends opposite were trying to help the hon. member for Halifax (Mr. Finn) to proceed, I should like to draw attention to the fact that when once a ruling is made by Mr. Speaker it is not, I imagine, in order for three or four hon. members to rise in their places for various reasons and again debate the matter.

Mr. FINN: The rules provide for that.

Mr. MANION: The rules do not provide that after Mr. Speaker has decided a question, that question can be again discussed. I am not objecting to the matter being proceeded with; I am very glad to have the hon. member go on, but I thought I should bring the point to the attention of the house.

Mr. FINN: The remarks of the hon. leader of the opposition are very much like those of the gentleman who, when he was dying, was asked where he wanted to be buried with relation to his two wives. He said, "I want to be buried between the two of them, but with a little cant towards Kitty."

I could not do better than read to the house my reasons for invoking standing order 31. This is addressed to his honour the Speaker and the hon. members of the House of Commons assembled, and reads as follows:

Ottawa, February 3, 1939.

To His Honour,
The Speaker,
The honourable the House of Commons in parliament assembled:

My reason for invoking the standing order, No. 31, of the parliamentary rules, and asking

for leave to make a motion for the adjournment of the house for the purpose of discussing a definite matter of urgent public importance is as follows:

The lobster fishermen of the constituencies of Halifax county (from Cole Harbour to Hubbard's Cove, which is adjacent to the eastern Lunenburg county Line), Lunenburg-Queens, Shelbourne-Yarmouth, and south-eastern Digby are in a sorry plight because, through an act of God, a terrific gale which raged along the coast line in the first week of December, 1938, destroying their lobster pots, gear and equipment, taking away from them their means of livelihood and bringing to them, their wives, and families, as a consequence, privation, hunger, and mental suffering.

The provisions of The Unemployment and Agricultural Assistance Act, 1938, is abortive in its provisions to meet the absolute need of re-establishing the said fishermen, in their industry, and to provide them with the means of earning their livelihood, and to enable them to provide the bare necessities of life for their families.

In fishing villages along the coast line from Cole Harbour to Hubbard's there is not only dire distress, but death following in its wake —tuberculosis has become rampant through under-nourishment and the lack of necessary home surroundings.

This has become so alarming that two Sisters of Charity, graduate nurses, and one other Sister, a graduate dietitian, have been sent into those districts, without earthly reward, of any kind, to allay this disease. Two thousand gallons of paint were contributed but the houses were in such a poor state of repair it was useless to carry on the work.

Two hundred quarts of milk and cream are being sent from Halifax by people with human hearts to help bring back to strength and health those who are now suffering.

Prompt action, therefore, on the part of the government, through the Department of Fisheries is urgently and immediately required.

R. E. Finn,

A Member of the House of Commons of Canada, representing the constituency of Halifax county, Nova Scotia.

I have received nothing but the most courteous treatment and the greatest cooperation from the Minister of Fisheries (Mr. Michaud) in this matter. He has been most sympathetic throughout. But a monkey-wrench was thrown into the machinery by the premier of Nova Scotia, who I regret to say would not agree to the expenditure of any money, either by way of loan or gift such as is given by the governments of Prince Edward Island and New Brunswick in cooperation with the federal government. When he asked the Minister of Fisheries to allow him to use this money to dig ditches and cut bushes on the highways down on the western shore of my constituency of Halifax, the request was refused, and he immediately applied to the Minister of Labour (Mr. Rogers), under the act respecting unemployment and agricultural assistance, for money to spend on the highways for the purpose he had in mind. The Minister of Fisheries is the one who knows the conditions that exist there. They are under his jurisdiction and not under the jurisdiction of any other member of the government of Canada.

There was put through an order in council which was tabled, and it was found that in the contingency fund there was only $20,000 left. The premier of Nova Scotia in the telegram directed to the Minister of Labour stated that at that time the loss was $125,000.

Mr. ROGERS: I know my hon. friend wishes to have the record accurate. The statement was not that only $20,000 was left in the contingency fund, but from what remained of the contingency fund it was found advisable at that time to allow only the additional sum of $20,000 for the purpose indicated.

Mr. FINN: I accept the correction, but I do not think the difference is one over which I need lose any time or cause any further debate. I am only pointing out that this $20,000 distributed among Halifax, Lunenburg, Queens, Shelburne, Yarmouth and a part of Digby fishermen would not provide two days work for the fishermen who live on the rock-ribbed coast of Nova Scotia, and I say further that it is in the form of direct relief, when it should be a grant to reestablish the fishermen in their calling.

Mr. ILSLEY: Will the hon. member permit a correction? It is part of a much larger sum which is being expended by the government of Nova Scotia in those sections.

Mr. FINN: The minister is correct. I do not wish to befog the issue or to misconstrue the intention of the premier of Nova Scotia. Fifty per cent is also put up, which makes $40,000 in all. But even taking that, it would not give a week's work to the fishermen, and then they would have to use that money to live. They desire to go lobster-fishing, on the first day of March, four miles off the coast, and they have not the traps, nor the anchors or the floats. They must go into the woods and cut trees; laths, nails, corks, and so on, must be bought. They must paint their traps and get things ready so that when the weather becomes milder they can take up their vocation again. When I tell you that in that storm over 100,000 lobster traps were absolutely destroyed, 44,000 in Yarmouth and Digby alone, and in Lunenburg and Queens and in the western part of Halifax, 100,000 traps, 200,000 buoys and 100,000 floats; when you consider the dire want of these people, their worry in face of these conditions, and so on, you will appreciate the appeal that I make.

Some people have said to me in defence of a policy in which I do not concur, "Well, the fishermen have not said very much about it." No, they go their weary way; and with this great gale many of them went down in their boats, there to remain until the final judgment day when they shall arise from the bottom of the deep to appear before their God. This is not a matter that should be treated lightly, and I am sure the Minister of Fisheries desires to do his part. The same can be said of the Prime Minister, because there is no hon. gentleman sitting in this house who has a more human heart than the Prime Minister. In making this appeal I ask that serious and immediate consideration be given by direct contribution, not by putting money in the hands of the fishermen, but through the materials necessary to enable them to make their pots, gear and other equipment, so that between now and the first of March they can get that equipment into shape to begin their work.

I wish to thank the Minister of National Revenue (Mr. Ilsley) for the manner in which he expressed himself this afternoon in this house, for his sympathy with the plight of the fishermen. I wish also to thank the Minister of Labour for his contribution, but it is not adequate. The money I believe is available in the fisheries department to-day to put up seventy-five per cent in cash under present legislation, as a gift, not by way of loan; the remaining twenty-five per cent to come from the province of Nova Scotia. There are only two roads open in reference to this matter. One road leads to success, bringing happiness to the homes of the fishermen through conditions of life that are bearable, and eliminating in some degree suffering and want. The other road leads to political oblivion for those who stand in the way. One of these two courses must be pursued.

I do not mention this with any reference to the present government of which I am an enthusiastic supporter. When this urgent condition exists, as it does, and for some reason unknown there is an attitude which is not in harmony with the finer qualities of the human heart, then I say that if necessary we should interpret section 91 of the British North America Act which defines the federal powers and recognize the "fisheries" as a matter that comes under the federal jurisdiction. We should not draw fine distinctions between fisheries and fishermen. There is no difference between fisheries and fishermen when a fisherman is found with undersized lobsters in his possession; that is not regarded as a matter to be prosecuted by the provincial authority, but is dealt with by the federal authority on the report of their inspector, and by the magistrates in Nova Scotia. If a fisherman is liable to penalties for breach of regulations made by federal authority under the Fisheries Act, then I say it is too fine a distinction, a distinction without a difference, to say that fishermen are not part of fisheries and therefore it is not possible for the federal Department of Fisheries to deal with this matter solely but only in cooperation with the Nova Scotia government.

In conclusion, I thank you, sir, and thank hon. members of the house on all sides, because I do believe, have believed all my life, that when the human heart is touched there is an immediate and automatic response. The conditions in my constituency are as I have described them. I shall not undertake to speak in more than a general way, because this motion is not debatable. But last evening the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) said that this matter could not be dealt with except by direct aid through proper channels, and he intimated through the municipal councils. I agree with that. It showed a sympathetic interest on his part, and sympathetic interest was shown by the Minister of National Defence and the Minister of National Revenue who came to my aid. And when I have the Minister of National Defence behind me it is not a Bren gun, but a man in the real sense of the word, and when the Bren gun is fired the report will sound from one end of Canada to the other and will result in only one thing. I hope I am not going to be on that committee because I might be biased, but the opposition will find that our powder was dry and that the Bren gun will be fired if the occasion arises. I hope the occasion will not arise.

I ask the support of all hon. members on behalf of this motion.

Hon. J. E. MICHAUD (Minister of Fisheries): I am sure I voice the sentiments of hon. members when I say that the hon. senior member for Halifax (Mr. Finn) is to be commended for having brought this matter to the attention of the house. At the risk of repeating what he has already said perhaps I may relate briefly the facts, and give a resumé of the situation as presented to the Department of Fisheries and as it is known to-day by that department.

In the early part of December a storm of unusual severity struck the Atlantic coast, not only of Nova Scotia but of Prince Edward Island and New Brunswick; and on the western coast of Nova Scotia it was particularly severe. The result was that the fishing

gear of the lobster fishermen, who had their traps in the water just a few days, suffered extensive destruction. As soon as the storm subsided, instructions were given the officers of the department to make a survey of the situation and report the extent of the damage and the extent to which the fishermen were affected. So far as Nova Scotia is concerned, after several days of survey and checking and re-checking, the total damage was estimated at somewhere between $100,000 and $125,000 representing destruction of boats and gear, but the major part being in the destruction of lobster traps.

The obligation concerning fishermen, their persons and property, has always been understood and interpreted, by those who preceded me in the department ever since it came into existence, to be primarily a provincial obligation. Since this parliament, for the last three years at least, has deemed it advisable by supplementary appropriations to grant sums of money to help reestablish needy fishermen in their occupations, these moneys have always been distributed under agreements entered into with the provinces concerned. The provinces recognized their primary liability and accepted the money voted by parliament simply as a contribution to help them discharge this obligation.

Mr. CAHAN: Does that refer to fisheries? Is the minister now dealing with fisheries as fisheries?

Mr. MICHAUD: With individuals, whether they are considered as fishermen or as citizens. But in the present instance a suggestion was made to the authorities in Nova Scotia, as well as in other provinces where fishermen had been affected, that in view of the magnitude and extent of the damage and the need of the fishermen at the present time, part of the money appropriated by this parliament might be used to help repair the damage, to the extent that they should deem advisable. The suggestion was made that the contracts or agreements could be extended, modified or amended to meet the situation. The province of Nova Scotia asked us for time to consider the situation, and a few days later, towards the end of December, we were informed that they did not think it advisable in view of local circumstances to give individuals grants either of money or of material with which to repair their fishing gear, but that they had decided that the best course to follow was to enable these people to work in order to earn sufficient money during the winter months to buy the necessary material to rebuild their traps.

Well, Mr. Speaker, always respectful of provincial autonomy, we did not like to disagree with the provincial authorities, upon whom we considered, rested the primary obligation of dealing with the situation, but we told them that if they decided to take advantage of the money voted by this parliament to assist fishermen we were ready to contribute even to the extent of seventy-five per cent of whatever disbursements they might have to make in the circumstances.

Mr. WOODSWORTH: Would the minister tell us what extra work the government proposed to give these people to enable them to earn this money?

Mr. MICHAUD: As stated by the hon. member for Halifax (Mr. Finn), and as recited in the order in council which is being tabled, according to the information given me by the minister of health of Nova Scotia, who also heads whatever provincial administration there may be with regard to fisheries, I understand that the work is in the nature of road-building or preparing the foundations for road-building in the counties where the fishermen were affected by the storm. I do not know the exact nature of the work, but it is understood and admitted to be in the nature of road work.

Mr. FINN: And ditching and cutting trees.

Mr. MICHAUD: The premier of Nova Scotia asked the Department of Fisheries if the money voted by parliament could be applied to the work he intended to make available in order to give these people a chance to earn money with which to repair their fishing gear. After looking into the matter we found that parliament voted the money for certain purposes and that it would be difficult to apply to the construction of roads in Nova Scotia money voted for the reestablishment of fishermen. The premier of that province came to Ottawa to interview the government, however, and came to an agreement with the Department of Labour under which some of the money voted by parliament for the relief of unemployment in Canada should be made available to the province of Nova Scotia in order to enable them to carry on the work they had in mind. An appropriation for this purpose had been made earlier in the year, so there was already in existence between the dominion and the province an agreement in that regard. The government of Nova Scotia suggested that if a certain additional amount could be made available it would be sufficient to meet the situation, having in mind that a contribution of at least fifty per cent would have to be made by the province before it would be entitled to receive this money from the dominion

So we have this situation at the present time. The government of Nova Scotia has admitted its responsibility and has stated that it desires to discharge this responsibility in a certain way. The Department of Fisheries has money which may be made available for certain purposes but which we find cannot be expended in the manner desired by the province. However, negotiations are not at an end, and various suggestions have been advanced to the provincial authorities by means of which in our opinion they could take advantage of the money which this parliament was kind enough to appropriate for the purpose of reestablishing fishermen in their calling. Negotiations are continuing, in the hope of convincing them that as long as they can comply with the terms under which this money was voted by parliament, the money is at their disposal. I am sure this house will agree that is the most that can be done by the government or this house unless the terms of the appropriation are changed and we are allowed to expend the money for purposes other than those for which it was voted. Unless that is done the hands of the Department of Fisheries are tied; we cannot touch that money which is in the treasury. However, the treasury of the dominion has been tapped; in other words money has been offered to the province of Nova Scotia with which they claim they can meet the situation and remedy the conditions complained of, in the manner they have selected.

So far the Department of Fisheries has never dealt directly with individuals as long as the provincial authorities recognized their responsibility and were willing to cooperate with us in disbursing the moneys voted by parliament. Of course we always made it a condition that they should supplement with money of their own the amounts appropriated by parliament, because theirs was the responsibility and we did not want them to run away with the idea that the responsibility was ours. We have not taken the legal, technical attitude; we have never tried to take refuge behind the terms of the British North America Act. Whenever a disaster has occurred of national importance, or of such magnitude that the provinces could not either borrow the necessary money or obtain credit in order to meet the situation, as the house well knows, the dominion government has always helped the provinces. The province of Nova Scotia stands in no different position. Our attitude toward that province is no different from what it has been toward other provinces. If we are told that the province is not in a position to help those people, it will be our duty to consider whether or not we should step over their heads and deal directly with the individuals.

That is the situation, placed before the house as briefly as I could put it. I hope negotiations will continue, that the situation of those people who have suffered and who are greatly handicapped will be corrected, and that they will be placed in a position where, when the next fishing season opens, they can earn their livelihood as they have done in the past.

Hon. C. H. CAHAN ((St. Lawrence-St. George): Mr. Speaker, the subject is one which is very interesting to me because I believe I am personally familiar with every port and village along that coast. This is not the first time that violent tempests have swept the coast and caused grave destruction of, shall I say, the plant necessary to carry on lobster and other types of fishing. But I believe the Minister of Fisheries (Mr. Michaud) has shown, by the confused manner in which he has discussed the subject, that he is labouring under very great difficulties in explaining the government's neglect in this particular instance. The hon. member is one for whom I have very high esteem. He is a graduate of my own university, and he certainly could not have passed the examination so well as he did in that university without knowing that the sea coast and inland fisheries are under the exclusive jurisdiction of the parliament of Canada.

This parliament has made many innovations and many irruptions into provincial rights by voting large sums of money which I have thought were beyond the power of parliament to vote, for the purpose of carrying on services which are peculiarly and necessarily—I might say exclusively—provincial. Section 91 of the British North America Act makes the situation clear. I shall not quote the whole section but only the part pertinent to the matter before us:

> . . . It is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated, that is to say—

And going down to item No. 12:

> 12. Sea coast and inland fisheries.

Mr. ILSLEY: Does that include relief to the Nova Scotia fishermen?

Mr. CAHAN: That certainly includes the relief of the industry. Certainly the fact that this parliament has exclusive legislative jurisdiction with respect to sea coast and inland fisheries, notwithstanding any other provision of the British North America Act implies—

Mr. POTTIER: Did the hon. member—

Mr. CAHAN: My hon. friend can keep his seat for the moment. Notwithstanding any other provision of the British North America Act, it is certainly clearly enunciated in section 91 that sea coast fisheries are within the exclusive legislative jurisdiction of this parliament. Certainly parliament may properly vote any sums of money which are necessary or deemed expedient with regard to a service over which it has absolute control. That, I suggest, cannot be controverted.

Now, why all this worry about negotiations with the provincial government? Here is a great calamity which has overtaken one of the sea coast fisheries of Nova Scotia, resulting, as the minister has said, in the destruction, to the extent of $150,000 in value, of the implements necessary to the fisherman in carrying on his vocation. It is admitted clearly by the minister that the fishermen themselves have not the means to replace the necessary plant and equipment which have been destroyed. If it had been a calamity which had overtaken some other country, such as one which occurred recently in Chile, we could, as we have in times past, under an assumption of authority, and for the sake of overcoming the results of a great disaster, vote sums of money to relieve a foreign people engaged in a foreign industry over which we have no legislative control.

Mr. FINN: The explosion at Halifax.

Mr. CAHAN: But here is a case in respect of which clearly and plainly parliament has legislative jurisdiction. It has within its power the right to vote moneys to sustain this industry in any way parliament may deem advisable. Therefore, why labour the discussion by bringing in votes which have been made on the motion of the Minister of Labour (Mr. Rogers) to assist in road building in Nova Scotia, a project over which we have no control and with which, according to our legislative jurisdiction, we have nothing to do? Why bring in confusing discussions about road grants when parliament, and particularly the government, which is the executive committee of parliament, is face to face with the results of a great disaster which has overtaken the people engaged in fishing on that southern coast of Nova Scotia?

It is true that parliament may not have voted moneys in the past because it was not anticipating a calamity of that extent. It may be true that last session no appropriation was made which could properly be devoted to the purposes suggested. But that vote of last session is not the only remedy. This calamity occurred long before this parliament met. The facts were known by the minister at least two months ago, if my memory is correct. He had investigations made and he knew the facts then. Grants could have been made by a special order of the governor in council to relieve the distress in a temporary and preliminary manner until such time as parliament could meet to deal adequately with the matter. Parliament has now met, and I suggest there is no reason in the world why, being cognizant of the facts, there should be any excuse for delay in parliament giving the necessary relief by appropriating by a vote, outright, the moneys necessary to reestablish these fishermen, if such procedure is deemed advisable. The minister has very frankly stated his views as to the extent of the disaster. Parliament certainly should provide, by some measure, adequate advances to these men to enable them to reestablish themselves before the next fishing season.

I have not consulted the leader of the opposition (Mr. Manion) about this, but I believe hon. members on this side would be willing to support a vote sufficient to relieve the fishermen who suffered such destructive damage. We all know the extent of the storm which swept along the Atlantic coast from Florida to Nova Scotia and did so much damage.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): Mr. Speaker, I referred to this matter yesterday and I had intended that my remarks at that time should cover my feelings with regard to the catastrophe at present under discussion. I know, however, that the people of my constituency would want the picture shown as it really is, and that benefits be given to all who have been anxious to co-operate and assist in this particular matter. I have in mind certain of the remarks just made by the senior hon. member for Halifax (Mr. Finn), and I should like to refer to them. They constituted a more or less indirect attack upon the premier of Nova Scotia.

Mr. FINN: Not an attack, an assertion.

Mr. POTTIER: I feel that I should speak in connection with this matter because the people in my constituency have suffered greater loss than the people in any other constituency in Nova Scotia. I took down the remarks of my hon. friend rather hurriedly. The first remark that impressed itself upon my mind was his statement that the premier of Nova Scotia had thrown a monkey-wrench into the machinery of relief.

Mr. FINN: Hear, hear.

Mr. POTTIER: I did not interrupt the hon. member for Halifax. Apparently he did not

need my help when he was talking and I assure him that I do not need his when I am talking. He said also that there was a wrong attitude of heart and mind on the part of the premier of Nova Scotia, one not in keeping with the situation. I followed this matter from the beginning. I viewed the storm when it occurred on the coast and I have been in frequent telephonic communication with the premier of the province. I have had several interviews with him at Halifax and as a matter of fact I received a telegram from him to-day which was delivered to me just as I came into the house this afternoon. I shall refer to this telegram later on. It is my feeling that attacks upon public men who are doing their duty as they see it are not in keeping with the proper action of an hon. member when representing a situation, regardless of whether it refers to his own or some other constituency.

Mr. FINN: That is the hon. member's viewpoint. It was not an attack; it was a sincere criticism.

Mr. POTTIER: I may say quite frankly that I do not approve the methods being adopted in Nova Scotia in providing assistance by way of road work. I feel that material should be provided, and I said so yesterday. I still think that would be the best method, but that does not say that the premier of Nova Scotia is wrong because he adopts some other methods. That does not say that he is throwing a monkey-wrench into the machinery or that he is lacking in the proper attitude of heart and mind. We in Nova Scotia feel that in the person of the premier we have one who has a warm heart and who has always been willing to cooperate and assist in relieving the effects of any disaster that might occur. He has shown evidence in that regard.

Mr. FINN: He has not shown it in this instance.

Mr. POTTIER: When the senior hon. member for Halifax says that the premier apparently lacks the proper attitude of heart, I want to remind my hon. friend that in the last two and a half years a total of $580,000 has been spent by Nova Scotia by way of loans and bonuses to these fishermen. Never before has a provincial government spent one dollar to assist the fishing industry in the manner I have just mentioned.

Mr. FINN: Oh, yes, the Murray government did.

Mr. POTTIER: That indicates the feeling of the premier toward this industry. The senior hon. member for Halifax says that material should be provided. That is what I think, but the premier of Nova Scotia says that road work should be provided in an amount equal to the losses sustained. There is one advantage in that method. More money will be given to the fishermen than would be given in the furnishing of materials.

Mr. FINN: Would my hon. friend permit a question?

Mr. POTTIER: Go ahead.

Mr. FINN: As a member representing a fishing county which had a loss of $44,000, I should like to ask my hon. friend whether he thinks the spending of $40,000 on the doing of preliminary work for semi-permanent highways is helping the fishermen? If that is what he wants to convey to the fishermen in his constituency, I do not want to do it.

Mr. POTTIER: If the hon. member wants to make another speech he will be given an opportunity.

Mr. FINN: I do not want to make a speech, but I do want fairness.

Mr. POTTIER: All I say to the senior hon. member for Halifax is that there is no intention of spending only $40,000. Apparently he does not understand the situation. I have in my hand a telegram which I received from the premier of Nova Scotia just this afternoon, from which I quote as follows:

> We will spend in storm swept areas amounts of money on highway work at least equal to amount of loss.

Whether that is $40,000, whether it is $150,000 or whether it is $200,000, that is what they are going to do. There is some advantage in providing work equal to the amount of the loss. If we provided materials, that would mean we would provide only the value of the material and the work would have to be done by the fishermen. A trap is worth about $2, whereas the material in the trap is worth a little over $1.

Mr. CAHAN: What was the loss along the Yarmouth-Shelburne coast in the constituency which my hon. friend represents?

Mr. POTTIER: There were 44,000 traps destroyed. If new traps are to be provided they will cost between $70,000 and $80,000, but the material alone will cost between $40,000 and $50,000.

Mr. CAHAN: That is in the hon. member's own constituency?

Mr. POTTIER: In my own constituency.

Mr. CAHAN: I suppose that is not a quarter of the entire loss?

Mr. POTTIER: That is at least two-thirds. I am subject to correction, but I understand the damage from the storm to be as follows: Twelve thousand dollars in the county of Halifax; $6,000 in Lunenburg.

Mr. FINN: How much in Halifax?

Mr. POTTIER: Twelve thousand dollars. Apparently the hon. member does not know the loss even in his own county.

Mr. FINN: My hon. friend thinks he knows it all, but I wonder.

Mr. POTTIER: Six thousand dollars in the county of Lunenburg; $12,000 in Queens; $43,000 in Shelburne; $40,600 in Yarmouth; and $9,737, I think, in the county of Digby. That is the loss. The major damage in the county of Digby happens to be in the district of Clare which I have the honour to represent at the present time. So, if you provide just the material, these men are going to have half of what they get if they do road work. I do not know whether I am making myself plain. I do not think, therefore, it is justifiable to say that any person who is willing to help the fishermen to the extent that they are going to get nearly twice the value of material that goes in the trap is throwing a monkey-wrench, or is lacking in heart and mind.

Mr. FINN: Oh, forget the monkey-wrench.

Mr. SPEAKER: Order.

Mr. POTTIER: As regards the remarks of the hon. member for St. Lawrence-St. George (Mr. Cahan), I respect his knowledge and experience in this house, and I would with great temerity refer to the interpretations he has made of the British North America Act. He may be right. I remember, however, in 1933, when there was a Conservative government, the municipal council of the town of Yarmouth had several meetings, which I attended, arising from the losses and distress of the fishermen, and they wrote to the Department of Fisheries at that time. But, as I remember it, word came back that it was directly a matter of local and private concern, they were sorry, but the federal government could do nothing about it.

Mr. MICHAUD: Property and civil rights.

Mr. POTTIER: Yes, property and civil rights, and the federal government could do nothing about the matter. It is too bad that at that time they did not bring the matter to the attention of the hon. member for St. Lawrence-St. George, because in those days we were in as much need as we are at the present time.

Mr. CAHAN: What was the nature of the disaster?

Mr. POTTIER: We had storms, and prices were bad.

Mr. CAHAN: I am not dealing with prices, but what was the storm?

Mr. POTTIER: We had meetings of the board of trade. The fishermen were in a sorry plight on account of weather conditions.

Mr. CAHAN: That may be. That is another question.

Mr. POTTIER: I remember particularly the reference there. At that time it was on property and civil rights; there were no references at all to other sections of the British North America Act.

Mr. CAHAN: Because the issue presented was entirely different.

Mr. POTTIER: I do not think it was, and I am suggesting that that was the attitude of the then government. It is easy when you are out of power to say "do so and so" when you have not done it when you were in power.

In order that there may be no misunderstanding about the loss, let me say that about one-third of the traps were lost. A number of lobster fishermen, it is true, lost very few traps, but I called up the supervisor the night before last in order to be sure I was getting the right picture.

Mr. FINN: The hon. member got busy late.

Mr. SPEAKER: Order.

Mr. POTTIER: I object to the remarks of the senior hon. member for Halifax. Apparently I began looking into the matter sooner than he did, and he did not even know the loss in his own county.

Mr. FINN: Yes, I did. I was here last December looking after the matter and conferring with the Minister of Fisheries when the hon. member was in Yarmouth.

Mr. SPEAKER: Order. The hon. member for Shelburne-Yarmouth-Clare has the floor.

Mr. FINN: And I did it out of my own pocket.

Mr. POTTIER: I was here twice last fall on this matter. In order to be fair to myself I think I should say that I was here and interviewed the minister in regard to it, and he can substantiate my statement. I have

also had several telephone conversations and telegrams and have written a number of letters in regard to the matter.

Mr. FINN: I was here three times.

Mr. POTTIER: On the question of damage, in some of the districts the fishermen have lost about one-third of their traps—which is serious. It means this, that in each village, some being worse off than others, there are fishermen who will not be able to earn sufficient to carry on if some help is not given. That is the situation as I understand it, and I know whereof I speak.

The lobster fishing season starts on December 1 and goes on to June, 1, but the practice has been to fish through the month of December, at least in the majority of cases, until the storms come; then they are held up during January and February. They start again March 1 depending on the depth of water and on how rough the seacoast is, but generally speaking March 1 is about the time when lobster fishing starts in the open. This is the situation: If the lobster fishermen are placed now in a position to fish by March 1 the situation will be looked after. The difference between the premier of Nova Scotia and myself is that we do not agree on the method. I think the senior hon. member for Halifax and I say that we should provide material to the men and that they should do the work to put up the traps. On the other hand, the premier of Nova Scotia says we should give them money for work on the road in the value of the traps, which is perhaps more than we are asking for the fishermen.

Mr. FINN: How does the hon. member figure that out?

Mr. SPEAKER: Order.

Mr. POTTIER: Because the premier would be paying them for the labour that goes in the traps.

Mr. FINN: By working on the roads.

Mr. SPEAKER: Order.

Mr. POTTIER: I know that my people would want to be fair to the premier, and let me say in justice to his qualities that we consider him the best premier in Canada and one of the greatest premiers we in Nova Scotia have had since Joseph Howe.

Hon. R. J. MANION (Leader of the Opposition): I wish to say a few words on this important question, although not because I know very much about it. I admit frankly that I am not as familiar with it as were hon. gentlemen who spoke from the other side and as is my hon. friend the member for St. Lawrence-St. George (Mr. Cahan) who spoke on this side. I am particularly glad however to be able to say a word on this matter in support of my hon. friend the senior member for Halifax (Mr. Finn). I have known him for many years. Long years ago he and I were members of this house. We come from the same race, and we have the same sweet, charitable, kindly disposition.

Mr. HEAPS: And never interrupt.

Mr. MANION: At any rate I have a strong and friendly feeling for the hon. member, and I am glad to be able to support his proposal. My knowledge of Nova Scotia comes from various visits to that province where, as in the other provinces of the maritimes, the beautiful countryside and the kindly, charming and hospitable people have won my heart on many occasions. I believe I have visited the maritimes ten or a dozen times, and always I have come back thinking highly of those provinces and realizing fully why they have given so much to the cultural, the educational, and, in general, the highest life of this great dominion.

To get to the subject in a rather general way, when I was in the maritimes on the last occasion, I believe in September or October, although I do not recall the exact period, the question of the condition of the fishermen in the maritimes and particularly in Nova Scotia was prominent in the press and on the lips of the people. Indeed there was quite a row going on down there, in which, I am sorry to say, I took no part. It was a row between those who said the conditions of the fishermen were very bad and those who, apparently, contended they were not so bad. Being, as I have said, of the same extraction as the senior member for Halifax, I naturally favour the under-dog anyway, and I found myself entirely in accord and sympathy with the writers—some from Ontario, some from Halifax and other parts of Nova Scotia—who took the side of the fishermen in dire want, so it was said, in the various ports of that province.

The other day I had a letter from a friend with whom I have corresponded a good deal, an outstanding man in Nova Scotia who has been taking a strong attitude with respect to the needs of the fishermen. He is one of those who do not agree that there is too much maudlin sympathy extended to these fishermen, and I must confess that in large measure my sympathy for them has been the results of the educational effect he has had

upon me. He wrote to me before this incident occurred; at any rate his letter had no reference to the question which is now under discussion in this house. He informed me that some of the fishermen of Nova Scotia earned only $50 per annum after paying cost of gas and bait. In other districts they received from $100 to $150, while in the better localities their earnings amounted to about $400. I know nothing about the facts, but I do know a great deal about my correspondent, and I can assure the house that he keeps himself well posted upon all subjects that relate to the welfare of those delightful provinces by the sea. I am sure he is correct in the information he has given me. My hon. friend nods his head. I listened to him carefully and I must admit that I knew more about the subject after hearing the senior member for Halifax. There seemed to be some controversy, but I could follow the senior member for Halifax rather better. I have no doubt, however, that both hon. gentlemen representing that constituency are equally sympathetic to the fishermen there.

On this question there seems to be more unanimity in all parts of the house than is usual on matters of this sort. As the hon. member for St. Lawrence-St. George pointed out, we are prone continually to take a deep interest in the condition of people in remote parts of the world. We readily throw up our hands in horror at some catastrophe in some far away land, and very often I have seen us collect money for floods in China, for example, as the hon. member for Kootenay East (Mr. Stevens) points out, have money voted by parliament. Since, therefore, everyone seems agreed on this question, I should like to see the minister give the assistance asked for. He would certainly get the support of this entire party if he decided to give at the earliest possible moment this much-needed aid to people who are our fellow-Canadians. Sometimes I am ashamed to think of the riches we possess when I reflect upon the extreme want that exists in some parts of the country, and though my hon. friends to my left take, in my opinion, a radical view of some matters I confess that I sometimes find myself sympathizing with them. In this rich country of ours with our immense resources, a huge area with a small population, it does seem strange that there should be so many people in want. Anything that is done by this government, anything that is done by the minister on this occasion, will receive the support of the party with which I am associated.

When I was in Nova Scotia I heard a great deal about the work done by the cooperatives, the university of St. Francois Xavier—I do not know whether I am pronouncing the word correctly.

Mr. LAPOINTE (Quebec East): You pronounce it as I do.

Mr. MICHAUD: In Ireland they say St. Francis.

Mr. MANION: They all refer to the same saint. The saints do not quarrel over nationality as much as we do. While there, I heard a great deal about the splendid work done by the cooperatives and recently I had a visitor whom I have no doubt many hon. gentlemen have seen—Doctor MacDonald, head of the extension department of that university, which is doing so much to foster a better feeling of constructive cooperation among those people instead of allowing them to descend to the extreme radicalism which is inevitable where people are in great want and believe that they are not receiving what is justly due them. And there are so many people in the country to-day who are in that condition. I was therefore delighted both to read and to hear of the magnificent work that is being done by the extension department of that great university, small in size but highly important from the standpoint of what it is achieving.

If the government, in the estimates that we shall have before us shortly, would increase the amount which I believe is granted the university for extension work among the various people in the three maritime provinces, I am sure it would meet with general approval.

Mr. MICHAUD: It has already been done.

Mr. MANION: I am delighted to hear it.

Mr. REID: That gentleman is now among the fishermen of British Columbia.

Mr. MANION: I am indeed pleased to hear that the amount has been increased, because one thing that appeals to me in the admirable work which is being done by the university is the fact that while the institution is Catholic basically, the work of the extension department is being carried on indiscriminately among people of all nationalities and creeds, and it is helping to promote a greater understanding among Canadians of all classes than can be found in some sections of the country.

In conclusion, may I say that I simply rose to add my voice sincerely to what has been said. I appreciate the remarks of the senior member for Halifax, and I assure the minister that he can count upon support from us in any efforts which he makes to relieve the distress that exists. I frankly admit that I have a great deal more sympathy for the sufferers

from this catastrophe than I have for people in other countries. We have the needy close at home and they should be nearer to our hearts than those in distant lands.

Hon. J. L. ILSLEY (Minister of National Revenue): The discussion has taken a somewhat wider range than I expected it would when I said that in my opinion the matter was one of urgent public importance. The reason that I supported the senior hon. member for Halifax (Mr. Finn) in moving the adjournment of the house was that I knew, as other members from Nova Scotia know, of the storm that took place a few months ago and the damage that was done. The extent of the damage has not been definitely ascertained, but it is supposed to be in the neighbourhood of $125,000. It has been intimated to me that it does not exceed $100,000, though it may be more than that. While it is not definitely, it is approximately ascertainable.

The hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) has told of the distribution of the damage. Unfortunately for his constituency the greater part of it is in Shelburne and Yarmouth with some in Clare and Digby. His constituency is by far the greatest sufferer. The house is disposed to be sympathetic; the government is disposed to be sympathetic; and all members of this parliament as well as members of the legislatures of the maritime provinces realize that the income received by fishermen on the Atlantic coast of Nova Scotia is very low. Conditions among these people have been a matter of concern to the Minister of Fisheries and to the government from the time it assumed office.

I do not think the immediate question is primarily a constitutional one, nor is it a question whether we are sympathetic with the fishermen, because we are. The immediate question is a practical one. As the hon. member for Shelburne-Yarmouth-Clare pointed out, these fishermen at the present time are not engaged in fishing; they will not be engaged in fishing until March 1. They find that in some districts one-third, in other districts one-quarter, of their traps were destroyed by this storm. The question is how to help them reestablish themselves. Two views are expressed as to the method we should adopt: One view is that we should resort to direct relief; the other is that indirect relief is the better method. It seems to me that the issue is just as simple as that. Is this an occasion for the administration of indirect relief or direct relief? The province will do everything it can, I am satisfied, and this government will do everything it can, I can assure the house. The question is as to the method to be followed.

Whatever the constitutional position is—and I must say I never before heard the view expressed that was enunciated by the hon. member for St. Lawrence-St. George (Mr. Cahan) to-day; this particular kind of situation has always been regarded as one to be dealt with by the provincial authorities—but whatever the constitutional position, we must work in cooperation with the provincial government in a case of this kind. This government did so in the case of New Brunswick; it did so in the case of Prince Edward Island, and it must do so in the case of Nova Scotia. Even if it were a government of which we disapproved we would do so; if we were dealing with a premier whom we did not like we would do so; but where we are working with friends in whom we have confidence there is certainly no reason why we should work at cross-purposes with the government of Nova Scotia. Therefore we must examine with respect and with care the proposals of the government of Nova Scotia. That government has its men on the ground; it has its local members to consult, who know conditions there, and they have come to the conclusion that the best way to deal with this situation is by indirect instead of by direct relief. The premier of Nova Scotia proposes to spend a substantial sum of money on work in these very districts, so that these very men who have lost their gear will have an income from which they can make good their losses. Perhaps the hon. member for Shelburne-Yarmouth-Clare did not say it, but I can say that men are at work at the present time. The premier of Nova Scotia tells me that 750 men will be at work next week and that this number will probably be increased as the necessities of the case require.

I am like the hon. member for Shelburne-Yarmouth-Clare in that I find it difficult to sit silent when I hear hostile criticism of the premier of Nova Scotia. His qualities of heart and mind are well known not only in Nova Scotia but all through Canada. I know of the attention he has given to this matter, the study he has given it, and I know of his deep human sympathy in this situation. When, after his study, he says that the best way of dealing with it, having in mind his and our responsibilities and the future, is by instituting a works program through these districts so that these men will be able to earn money with which to replenish their gear, I do not think we should break the rule that has been followed since confederation and step in and

work at cross-purposes with him. For that reason I am in accord with what the Minister of Fisheries (Mr. Michaud) has said.

I am not criticizing the senior hon. member for Halifax (Mr. Finn) for bringing this matter up or expressing his views; I am not criticizing the hon. member for Shelburne-Yarmouth-Clare for holding certain views in the matter, but the situation is being dealt with carefully, sympathetically and sincerely, and, I think, in a practical manner. It may be that further developments will cause some change to be made in the present arrangements, or some addition to be made to the expenditure. It may be that we shall find some way to use part of the fisheries vote which the minister says he has been advised is not available for assistance in road work. Money has been paid to the government of Nova Scotia to assist, not only the $20,000 mentioned, but $50,000 before that; it was before the storm but nevertheless $50,000 of a special grant of assistance was paid to Nova Scotia, and I can assure the house on behalf of the government that we shall do our best to work out ways and means of meeting the situation, in cooperation with our friends in the province in whom we have confidence.

Mr. ANGUS MacINNIS (Vancouver East): I wish to say only a very few words on this matter. First, I would commend the hon. senior member for Halifax (Mr. Finn) for bringing it to the attention of the house. I am sure that many hon. members know more now about this catastrophe—it is nothing short of that—which happened on the Nova Scotia coast than they knew before this discussion was brought on. We know approximately the extent of the damage. What is more to the point, and more satisfactory so far as the group to which I belong are concerned, is that the government has taken cognizance of the situation and is desirous of helping. It is not my intention to enter upon any discussion as to how that help should be given; it would be presumptuous on my part to do so, because I do not know the facts. But I think we shall all give our hearty approval to anything that the government may do, and, as the Minister of National Revenue (Mr. Ilsley) has already said, we think that anything done should undoubtedly be done in cooperation with the provincial government.

Mr. J. H. BLACKMORE (Lethbridge): I am deeply interested in this problem. I am also deeply interested in the way it is proposed to spend this money. I am inclined to sympathize with the proposal of the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) that there should be a direct issue to the men concerned of half of the cost of the traps. At the same time I have of course no desire to interfere with the administration of Nova Scotia by the premier of that province. But two or three things come to my mind as a result of experience I have had with similar situations. We in the west have been sufferers for a long time and have learned something about relief, direct and indirect. I gather from the remarks of the Minister of National Revenue (Mr. Ilsley) that it will be necessary to put into the hands of these sufferers at least $63,000 to enable them to procure the $125,000 worth of traps which they have lost. I understand from the remarks of the hon. member for Shelburne-Yarmouth-Clare that half the cost of the traps is for material and the rest represents labour which the fisherman himself can contribute. I gather then that there must be $63,000 issued to the sufferers.

The first thing I wonder about is this: Will each of these men who suffered a loss find himself able to obtain work on these road projects? If there is any considerable number who for any reason whatever will find the work not available to them, then the effort to give them relief is not going to effect its purpose; there still will be a good many sufferers. I have seen this, in similar cases, work out many times in my own constituency and my own province. It is going to be an exceedingly difficult matter to devise and design a road project of such a kind and in such a geographical location that it will make available to each of the sufferers along that long seacoast sufficient work to enable him to earn enough, net, to buy his traps. That is the first serious difficulty in the way of the indirect relief proposal.

There is another matter which has been forced upon my mind through experience. We may design a works project; we may say, "Now, we are going to spend so much on this road," and we assume that a certain part of that money will go into the hands of the labourers. It not infrequently works out that after the road is planned we put on a number of high class machines which eat up a great deal of the money in gasoline and repairs of various kinds, and which also displace a large number of the very men whom the project was designed to assist. We have learned in my province in three or four years a great deal regarding this matter. I might just give an illustration. When we set out to build roads we hired men, teams and scrapers and let them build the roads. Then we found that the roads which were built, compared with the roads constructed with modern, high class machinery, were very expensive, and the

result was that the government came in for much criticism. I fancy the same consideration in large measure will affect the men in charge of building these projected Nova Scotia roads. The result will be that if the men in charge do not use machines in constructing the roads they will be in difficulty, and if they do the men will not get the work.

Mr. ILSLEY: My information is that there will be practically no machines.

Mr. BLACKMORE: That helps considerably.

Mr. FINN: How can they dig ditches in rock without machines?

Mr. BLACKMORE: There may be some who fancy I have had no experience in these matters, but I have had a little. I know there are all kinds of machines. Last night I saw pictures of a wonderful machine which I thought could never work. I never knew they had a machine that could go through a forest and prepare the way for back-fires, until I saw the picture of such a machine last night. In these days they have machines that will do nearly everything, but the men do not get the work. That is a serious matter, which I would draw to the attention of hon. members, because it might result in the expenditure of this money not achieving the desired object.

Then there is another matter. If these men live at a considerable distance from the proposed roads it is of vital importance that we know whether or not their transportation expenses to the project and back home again are to be borne by the men employing them or by themselves. If those expenses are to be borne by the sufferers, then those who live fifty or sixty miles away from the proposed projects will use up all their earnings in transportation costs and will not have sufficient left to enable them to accomplish the object we had in mind in designing the work.

There is another thing that frequently eats up the money. Sometimes when the road project is planned we allow the cost of material, machinery, and all that kind of thing, to be taken out. Then, from the standpoint of the men, there is another fact. When the men get to the work, are they to be provided with board and lodging? I have known some of the most glaring injustices to result from a situation such as this: A man would be told that he would receive so much an hour. After he had reached the scene of the activity, after paying his transportation cost, he would be told that he had to pay so much a day for his board, so much a day for his lodging, and sometimes so much a day for his blankets, the result being that what the man had left over would hardly keep him in chewing-gum.

All these matters have to be considered, I believe, in connection with this project. While I am speaking I wish to express, through the members who represent the sufferers, my group's deepest sympathy with them in their sore trial, and I should be pleased if the hon. members would convey that expression to these people. We westerners have had plenty of suffering; we know what it is. We appreciate the courage the people in the east have always shown. We realize there are no finer people in the Dominion of Canada than they. Now that their turn has come to suffer, we hasten to lend our support to whatever measures and whatever expenditures this parliament may find necessary in order to supply them with adequate means of fitting themselves to gain a livelihood. I personally will support any proposal the minister may see fit to introduce, as will my group, and we can speak for the whole of the people of Alberta, whose sympathy will be right with those who are stricken. But I should like to feel sure that the money is going to get into the hands of the people who need it, and not into the hands of a number of people who will try to get jobs, such as contractors, sub-contractors, sub-sub-contractors, timekeepers and the like, all of whom, as we know from bitter experience, somehow do manage to figure in altogether too many propositions of this kind.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, on this question we seem to find a spirit of harmony and accord in reference to the desirability and the need of doing something effective for those who suffered in this disaster. I think we might go one step further and say it is generally recognized that a disaster has occurred which is out of the ordinary, and that it is not a matter of day-to-day routine in connection with this most unfortunate question of relief.

Looking at it, therefore, from that angle, I ask myself the question: What is the best thing to do under the circumstances? As the hon. member for Lethbridge (Mr. Blackmore) who has just taken his seat has asked: What is the most effective way in which we can render help? I have a good deal of respect for the Minister of National Revenue (Mr. Ilsley), particularly for his native fairness in expressing himself. At the moment, however, I find myself in direct opposition to his view when he says that this is peculiarly a provincial matter. The fact that it happens to be on the coast of Nova Scotia geographically makes it provincial. But from the point of view of administration I am inclined to agree

with the hon. member for St. Lawrence-St. George (Mr. Cahan) that it comes within the direct purview of the dominion authorities. In other words, it is of a nature where we as a parliament may deal directly with it.

I agree with the Minister of National Revenue that so far as possible in all such matters we should act in harmony with the provincial governments. I have no desire or disposition to criticize the provincial government, nor must anything I shall say be interpreted as any reflection upon the premier of Nova Scotia or the government of that province. But before making a suggestion I should like to review briefly the two suggested methods of assistance, roads or traps. If we adopt the method of helping these men and their families by road work, it seems to me that a danger arises. The men must live while they are working on the roads. Any work on the roads given by way of relief, of which I have known in Canada, has resulted in very little more being given to the individual than merely enough to live through the period of time during which he has actually been engaged on the work. In other words, I do not think we should assume for a moment that a man will save enough out of the small wages he may get on road work to reequip him in his industry, and supply him with the instruments to carry on his work. I think there is a very grave danger in following that course in this instance.

I shall not repeat the arguments or the suggestion of the hon. member who has just spoken, but so far as helping the lobster fishermen who have suffered from the disaster by giving them road work is concerned, I must say I think it would be a mistake. Let us see what they require. Hon. members opposite will correct me if I am wrong. Usually these lobster traps are set out—I believe that is the term. In this disastrous storm many were swept away. In other words, the instruments used by the fishermen for their daily toil have been destroyed. They are lost—gone. The main object we should have in mind is to replace the instrument which has been lost, or, in other words, to reinstate them in their normal positions as lobster fishermen. That, I believe, is what we are aiming at. I suggest, therefore, that if we could supply the lobster fisherman with the equipment peculiar to his vocation as a fisherman we would be doing him more good than by giving him a job on the road.

Here is another thought: We will assume the road work is to be done by hand work, and that no machinery will be used. Every man would have to have a wheelbarrow, a shovel and a pick. I venture to say that the wheelbarrow, shovel and pick would make up a substantial portion of the cost of restoring his fishing equipment. I say it would be far better to spend our money on equipment he could use in gaining his livelihood, rather than on equipment for road work. I am going to suggest, without any intention of expressing an opinion different from that of the province, that we should allow the province to give whatever relief it wishes, by way of road work or in any other manner it may choose, and that in this instance the federal government should go directly, as it has the power to do,—in fact I think it should do it as a duty—to the assistance of the fishermen, by supplying them with new equipment to replace that which has been lost and, if necessary, in addition to that give them such further relief as may be required.

The suggestion has been made that the assistance will not be required until March. I look at the calendar and I see that to-day is February 3. It will be only a very short time until March. By the time the money is granted, distributed and in their hands the first of March will be upon us.

Another point to be remembered when speaking of fisheries is this. The hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) said it was the custom to fish in November and December; then in January and February to lay off because of prevailing stormy weather, and then to begin again on March 1. Knowing something about the habits of fishermen, I know it is essential that the moment fine weather comes they be in a position to take advantage of it, so that there is no time to be lost in rendering this assistance as early as possible.

I make the suggestion that as a parliament we should give the assistance direct. I would suggest that the Minister of Finance (Mr. Dunning), who is now in his seat, should bring down a supplementary estimate in the current year 1938-39, which does not expire until March 31, —he could bring it down tomorrow, if he wished—wherein he would make a definite and direct grant to be expended for the assistance of these fishermen.

There is no doubt that the livelihood of these and other fishermen, along the Atlantic coast in particular, has been so precarious for so many years that very few of them have any margin of safety. In fact I believe it could be stated that the great majority of them are living below the line of reasonable subsistence. That in my view is a fair statement of the case. Therefore they cannot absorb the results of a disaster; they are not in a position to do so, financially or otherwise. There should be no delay; parliament

should act. There has been a disaster. We all recognize it, and we fully sympathize with the victims. Let us act, and act quickly, effectively and directly in the matter, as under the constitution of Canada we have the power to do.

Mr. POTTIER: I understand the hon. member suggests furnishing material for the traps. Is that his suggested remedy?

Mr. STEVENS: I would hesitate to be dogmatic on the point, because I am not altogether familiar with the details in connection with the equipment which would be required. I do not know exactly the manner of the setting of the traps. I do know something about the crab traps on the Pacific coast, which are movable and can be set out. But if these lobster traps are like salmon traps I realize it would be a different matter.

May I make myself quite clear in this: I would not discriminate between the material and the work. I would say that we should place the fishermen in such a position with their traps that they may be able to carry on their fishing operations on March 1.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, may I congratulate the senior hon. member for Halifax (Mr. Finn) upon bringing this matter to the attention of the house. I am sure he will agree with me when I say that all hon. members seem to be in favour of taking immediate action to do something for the fishermen who are suffering as a result of a terrible storm. Various proposals have been offered, as the hon. member for Kootenay East (Mr. Stevens) has said, such as the building of roads and the reestablishment of these people in their vocation by supplying them with the necessary equipment. It should be apparent to all hon. members that a road building project at this time of the year is not at all feasible. How are you going to build roads with these poor, ragged fishermen who have had no experience in road building?

Mr. MICHAUD: Do not be ridiculous.

Mr. LANDERYOU: They have had no experience in the building of roads as they are being built to-day. In the building of roads to-day more machinery than hand labour is used. What a picture there would be with these fishermen in their rags and tatters building a road with shovels and wheelbarrows with weather conditions such as they are at this time of year. They would be paid perhaps forty or fifty cents an hour, and from these earnings they would have to supply themselves with sufficient money to get back into the fishing industry in the spring. It would be just a waste of time and hon. members know it.

I am delighted to know that the leader of the opposition (Mr. Manion) is beginning to see the light. He now recognizes that one of the most valuable things we could do at the moment is to give a little money to the fishermen. The problem is how to put this money into their hands. What has been offered would be only a palliative to meet the urgency of the situation. I have been talking to some of the farmers of Ontario. One in particular told me he was living on a farm that his grandfather had carved out of the wilderness. I asked him if he was eating all the fish he would like to eat, and he told me he could not buy the fish he would like to provide for his family because his overhead was too large and his income too small. That precluded any possibility of his buying the fish caught by the fishermen of Nova Scotia. I find the same thing true about the fishermen. They cannot buy the dairy products produced by the Ontario farmers. The Halifax *Herald* has been carrying numerous articles describing the suffering, misery and want that exists in Nova Scotia among the fishermen and miners.

Mr. POTTIER: Has the hon. member ever been in Nova Scotia?

Mr. LANDERYOU: I have never been in Nova Scotia, and I have never suggested that I have. I am simply referring to editorials which appeared in the Halifax *Herald* and other periodicals published in that province.

Mr. POTTIER: I suggest that the hon. member visit the maritimes and see the fishermen and miners there.

Mr. LANDERYOU: I think the senior member for Halifax has stated the case very fairly. If my hon. friend (Mr. Pottier) is suggesting that these people are not suffering, I should like to have more evidence than the mere question whether or not I have been in Nova Scotia. That has nothing to do with the matter. Neither the fishermen nor the farmers have sufficient purchasing power. The fishermen are without fruit, butter and eggs because they have no money. The farmers are without fish for the same reason. These men are living in hovels. I saw some pictures of the homes in which these fishermen live, and they are nothing but hovels.

The Minister of Finance (Mr. Dunning) has recognized that there is a housing problem in this country, and he has had legislation passed to deal with it. Our lumbermen

are without fish while the fishermen are unable to buy the products of the forest. I suggest to the government that they take steps to increase the purchasing power of the consumer so that our fishermen, our farmers, our lumbermen and the people in other sections of the country may be able to buy what they need. They may not be suffering from the catastrophe of a storm, but they are suffering from a catastrophe brought on by this rotten financial system. I am glad to know that there are many hon. members who are beginning to take cognizance of that fact. Even the leader of the opposition has suggested that may be we are not so far wrong in urging that the greatest problem facing Canada to-day is the need of increased purchasing power for the consumer.

Mr. MANION: I said that long before the hon. member ever said it.

Mr. LANDERYOU: I am glad to hear that the hon. member recognizes this need. If he studies the matter a little further and begins to realize the value of money, then I may find myself more in agreement with him than I am at the present time. I urge the minister to do whatever he can for these people who are apparently suffering more than the people of any other section of Canada. Do not start building roads with hand labour at this particular time of the year. I have had experience in that type of work. I have worked on some government projects put under way to ease the problems of the unemployed. I have in mind a particular project carried out in Calgary promoted by the previous government under the Right Hon. R. B. Bennett. Barracks were built in Calgary at a cost of $1,250,000. The unemployed were given an opportunity to work with picks and shovels, and right beside them was an idle ditch digging machine. Was that used? No. How long did these men have an opportunity of working? After two or three weeks it was all over. Fifty per cent of the money they received was turned over to the city to pay arrears of taxes on the homes they owned. They were no better off when it was all over than they were when it started. As the hon. member for Kootenay East said, they receive only enough to keep them going for the duration of the job. When the job is finished they are all through. That is the situation that will come about in Nova Scotia. After the road building is over these men will have no money with which to buy traps. I suggest that the minister should provide them with traps, provide them with money with which to buy equipment, and then give them a little additional purchasing power so that they can buy some of the commodities produced elsewhere.

Right Hon. W. L. MACKENZIE KING (Prime Minister): If the debate had concluded I was going to make a suggestion to the house which I believe would have met with the general approval of hon. members. The order paper is pretty well loaded up with questions and notices of motions for production of papers. I had thought that with the consent of the house we might, notwithstanding we were near the time of the six o'clock adjournment, proceed to those orders immediately and that when they were discharged I would move the adjournment of the house for the remainder of the day. That would ensure hon. members having information which they may wish to have in their possession before the week is out. This procedure would I believe meet with general approval.

Mr. FINN: Mr. Speaker, with all due deference to and respect for the Prime Minister (Mr. Mackenzie King), I desire to raise a question of privilege. The hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) has misrepresented the statement I made to-day with reference to the premier of Nova Scotia. The same thing has been done inferentially by the Minister of National Revenue (Mr. Ilsley). When it was said by the hon. member for Shelburne-Yarmouth-Clare that they had spent over $200,000 and did not that show human interest, let me say I was not referring to any previous action of the premier of Nova Scotia or of his general administration of the affairs of that province. But if my hon. friend knew that I had several interviews with the premier, and that I felt that, when the Department of Fisheries was ready to hand over seventy-five per cent of the cost of reestablishing the fishermen—

Mr. SPEAKER: Order.

Mr. FINN: —then I was—

Mr. SPEAKER: I am sorry to have to interrupt the hon. member. He has stated his point sufficiently, but he cannot make a speech.

Mr. FINN: All I desire to say is that the statement of the hon. member for Shelburne-Yarmouth-Clare and, inferentially, of the hon. Minister of National Defence (Mr. Mackenzie) that the premier of Nova Scotia had thrown a monkey-wrench into the machinery in this particular case—

Mr. MACKENZIE (Vancouver): I must correct my hon. friend. I never referred to the premier of Nova Scotia.

Mr. FINN: I meant the Minister of National Revenue (Mr. Ilsley), not the Minister of National Defence, who is too Scotch to do anything of that kind.

Mr. DUNNING: Let the hon. member withdraw his motion.

Mr. FINN: Yes. In order that the business of the house may be proceeded with under the rules, I have pleasure in withdrawing my motion.

Mr. J. J. KINLEY (Queens-Lunenburg): Before the hon. member withdraws his motion—

An hon. MEMBER: It was withdrawn.

Mr. KINLEY: I was on my feet before he withdrew his motion.

An hon. MEMBER: It is six o'clock.

Mr. KINLEY: Well, if it is six o'clock, all right, but this is rather an important matter. I am interested in it, and so is my constituency, but I am not going to delay the house with any extended remarks. I think we must cooperate with the government of Nova Scotia. While fisheries is a matter of federal concern and federal jurisdiction, the care of the fisherman and his family is a matter of civil and property rights, and for that reason the provincial government has a degree of responsibility. This government have from the outset laid down the policy that in matters of relief they must cooperate with the provincial governments. They have done so, and the provincial governments have paid to the fund one-half of the amount required. All I wish to say at this time is that I hope the Minister of Fisheries (Mr. Michaud) will be generous in dealing with this matter, that he will continue his negotiations with the premier of Nova Scotia, and that he will see to it that whatever is necessary in the interests of the fishermen to protect and help them in this disaster will be done.

The Nova Scotia minister of public health comes from my own riding. His department is directly responsible for relief projects. I have discussed this matter with him several times, and I know they have difficulties. It is not just as easy as we think it is, talking here at a distance. But I believe that the minister of health of Nova Scotia is sympathetic to the fishermen, because he comes from the greatest fishing county in Canada; that the premier of Nova Scotia is deeply concerned in the condition of the fishermen, and that the federal government will do their part in trying to wipe out the damage which has been done by this disaster to the lobster fishermen.

Motion (Mr. Finn) withdrawn.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

UNEMPLOYMENT SITUATION IN TORONTO

Mr. CHURCH:

1. Did the mayor and corporation or officials of the city of Toronto request the government, or any minister or official thereof, to meet them since the last session of parliament, regarding: (a) unemployment; (b) unemployment relief; (c) relief works?

2. If so, on what dates?

3. Were they refused a hearing to present their case?

4. If so, by whom, for what reason, when, and to whom were they referred?

Mr. ROGERS:

1. Yes.

2, 3, 4. A copy of the correspondence is attached hereto.

Canadian National Telegram

November 21, 1938
Toronto, Ontario.

Hon. Norman McL. Rogers,
Minister of Labour for Canada,
Ottawa, Ont.

Will you kindly grant appointment for Saturday next at your convenience for me and members of board of control to discuss unemployment relief works program.

R. C. Day,
Mayor.

Ottawa, November 22, 1938.

His Worship Mayor R. C. Day,
City Hall, Toronto, Ontario.

Your night letter received. You are no doubt aware that all funds voted by parliament for this fiscal year for unemployment purposes have been allotted to provinces for disbursement under provisions of agreements concluded with them. This department does not enter into direct negotiations with municipalities in connection with unemployment matters but only with provincial governments. Honourable Eric Cross is to meet me November 29 and I would suggest that your representations should be made to him so that if they meet with approval of provincial government he may transmit them to me. If projects you have in mind are to be undertaken under provisions of Municipal Improvements Assistance Act approval by provincial

government is essential. Should you present proposals to provincial government I will be pleased to receive copy of these for my information.

Norman McL. Rogers,
Minister of Labour.

LOAN COMPANIES' INTEREST RATES

Mr. CHURCH:

1. Will any steps be taken this session to curb by legislation small loan companies by reducing the maximum interest rate under the Loan Companies' Act or otherwise, as recommended by the banking and commerce committee last session?

2. Will the act based on the said committee's report (1938), namely Bill 173 (1938) and only read a first time, be reintroduced this session?

Mr. DUNNING: 1 & 2. This question relates to a matter of policy and it is not usual for the government to make statements on matters of policy in giving replies to questions.

MARKET GARDEN PRODUCTS—IMPORTS AND EXPORTS

Mr. LENNARD:

1. What was the approximate value of the market garden products exported to the United States during the twelve months ending December 31, 1938?

2. What was the value of market garden products imported into Canada from the United States during the same period?

3. What proportion of this amount was imported into Ontario?

4. What was the approximate value of the same production of this produce in Canada during the same period?

5. What proportion of this amount was produced in Ontario?

Mr. EULER:

1. Fresh fruits, $364,124; fresh vegetables, $905,915.

2. Fresh fruits except bananas, pineapples and citrus fruits, $2,865,933; fresh vegetables, $4,539,933.

3. Fresh fruits except bananas, pineapples and citrus fruits, 37·8 per cent; fresh vegetables, 48·3 per cent.

4. Annual vegetable production statistics for the whole of Canada are not collected. Quebec and Ontario make annual estimates which are available in the late spring.

Canada—fruit (raspberries and strawberries) (1938) $2,915,000. (Preliminary).

5. See answer to 4.

Ontario—raspberry and strawberry production, $958,700 (preliminary).

RASPBERRY PULP

Mr. LENNARD:

How much raspberry pulp was imported into Canada for the twelve months ending December 31, 1938?

Mr. EULER: Raspberry pulp is not separately recorded in Canadian import statistics

IMPORTS FROM JAPAN, 1938

Mr. LENNARD:

What was the value of the imports into Canada from Japan for the year 1938?

Mr. EULER: $4,642,762.

FRESH FRUIT—IMPORTS AND EXPORTS

Mr. LENNARD:

1. What was the approximate value of fresh fruit exported to the United States from Canada during the twelve months ending December 31, 1938?

2. What was the value of fresh fruits imported from the United States to Canada, exclusive of oranges, grapefruit, bananas, lemons and limes, during the same period?

Mr. EULER:

1. $364,124.

2. $3,056,339.

HAMILTON, ONT., POST OFFICE

Mr. LENNARD:

1. How many extra men were temporarily employed at the Hamilton post office during the Christmas rush of 1938?

2. How many of these were returned men?

3. How many of the returned men employed were recommended by officers of veterans' organizations?

Mr. McLARTY:

1. 333.

2. 117.

3. 82.

IMPORTS OF COAL FROM RUSSIA

Mr. LENNARD:

How many tons of coal were imported into Canada from Russia during the twelve months ending December 31, 1938?

Mr. EULER: 22,792 tons.

IMPORTS OF ASPARAGUS

Mr. LENNARD:

What was the value of the asparagus, both fresh and canned, imported into Canada from the United States during the calendar year 1938?

Mr. EULER: Fresh asparagus, $1,288,324; canned asparagus, $26,900.

REPORTED ILLEGAL ENTRY OF JAPANESE

Mr. NEILL:

1. Has the board of review, consisting of Mr. F. W. Taylor, Inspector G. W. Fish and Mr. H. L. Keenleyside, appointed with regard to the illegal entry of Japanese, made a report?

2. Will it be laid on the table of the house?

3. At the same time will the interim report presented by the said board of review and referred to by the premier in the house on May 26 last be also presented?

Mr. MACKENZIE KING:

1. Yes.

2. It was tabled on the 16th of January, 1939.

3. The interim report was prepared merely to indicate the progress made to the date of its submission, the 14th of May. It was not intended for publication and all the pertinent information which it contained was subsequently incorporated in the report that has been tabled.

FARM OWNERSHIP BY PROVINCES

Mr. HYNDMAN:

1. How many farm owners are there in each province of the dominion?

2. How many farmers are there in each of such provinces?

Mr. EULER:

1 and 2.

1931 census

	Farm owners (1)	No. of farms
Canada	654,241	728,623
P. E. Island	12,631	12,865
Nova Scotia	38,389	39,444
New Brunswick	33,097	34,025
Quebec	130,868	135,957
Ontario	170,660	192,174
Manitoba	44,342	54,199
Saskatchewan	115,428	136,472
Alberta	85,600	97,408
British Columbia	23,226	26,079

(1) Includes part owner, part tenant farmers.

1936 census

Manitoba	45,862	57,774
Saskatchewan	113,354	142,391
Alberta	84,150	100,358

MARKING OF FRUITS AND VEGETABLES FROM UNITED STATES

Mr. LENNARD:

1. Are the shippers of American fruits and vegetables required to mark each package with the name of the grower?

2. If not, will the government put this regulation into effect?

Mr. GARDINER:

1. No. The country of origin is required but not the name of grower.

2. Answered by No. 1.

HENRY DIRKS—PAYMENT FOR SERVICES

Mr. LENNARD:

1. What services were rendered by Henry Dirks, of 1221 Main street east, Hamilton, Ontario, for the one thousand ($1,000) dollars he received from the federal government during 1938?

2. What benefit did the government derive from the said services?

Mr. MACKENZIE (Vancouver):

1. Mr. Dirks furnished valuations on three areas suggested for a rifle range site to replace the obsolete site at Hamilton, Ont., comprising properties of twenty-seven owners and having a total value of $407,900.

2. From the information furnished, the government selected three of the most suitable properties, and completed purchase of the same under the terms of the options furnished by Mr. Dirks, for the total price of $99,000.

RADIO LICENCES 1937 AND 1938

Mr. HYNDMAN:

How many radio licences were issued in Canada during each of the years 1937 and 1938?

Mr. EULER:

	Fiscal year ended March 31, 1937	Fiscal year ended March 31, 1938	Fiscal year 1938-39—9 months ended December 31, 1938
Private receiving licences	1,038,500	1,104,207	1,162,800
All other classes	3,726	4,403	4,874
Total	1,042,226	1,108,610	1,167,674

CANADIAN LOAN TO ROUMANIA

Mr. McPHEE:

1. What is the total amount owing at this date on the loan made by the government of Canada to Roumania, under order in council P.C. 690, April 2, 1919?

2. Has anything been paid on said loan since it was made?

Mr. DUNNING:

1. Principal amount, as consolidated in 1922 into $23,969,720 4 per cent Roumanian bonds due 1968, is outstanding in full. In addition,

the government has received $359,542.40 in 4½ per cent Roumanian bonds due 1949 covering 75 per cent of the instalment of interest due October 1, 1933, not paid in cash.

2. No principal amount has been payable. Interest was paid in full to April 1, 1933. Coupon due October 1, 1933, paid to the extent of 25 per cent in cash and 75 per cent in 4½ per cent bonds.

Interest payments from October 1, 1933 to 1938 are being made on a reduced scale under a plan proposed by Roumania and recommended to investors by the council of foreign bondholders and accepted by the government of Canada.

THOUSAND ISLANDS BRIDGE—PARK SITE

Mr. STEWART:

What steps have been taken to acquire land on Hill or Larue islands, or elsewhere adjacent to the Thousand islands international bridge, for the purpose of a public park?

Mr. CRERAR: Up to present time no steps have been taken.

TRAINING SCHOOLS IN SASKATCHEWAN

Mr. PERLEY:

1. What are the locations of all training schools under the federal Department of Labour in the province of Saskatchewan?

2. What is the total number attending same?

3. What number of women in the city of Regina were unemployed on the 1st August, 1938?

4. What number of women attended the training schools in the city of Regina following the 1st August, 1938, and how many gained employment in the vocations trained for?

Mr. ROGERS:

1. The administration of approved youth training projects is the responsibility of the provincial authorities. The agreement with the province provides that, "Courses of training or instruction authorized by or under this agreement shall be given at such centres as in the discretion of the Province are best suited to the numbers of unemployed young people located in the different sections of the province and to local needs and conditions, with authority reserved to the dominion to refuse contribution to the cost of establishing or of continuing the operation of any such centre, where, in the opinion of the minister communicated to the province in writing, it is inconsistent with reasonable efficiency and economy to establish or continue same." The statement attached hereto indicates the location of the various courses in the Province of Saskatchewan.

2. Urban men's courses, 857; urban women's courses, 717; rural men's courses, 1,760 (up to Dec. 25); rural women's courses, 1,178.

3. The number of unemployed is not a matter of record with the department. The national registration of recipients of aid to which the dominion government contributed shows that there were in the city of Regina a total of 316 young women, 16 to 29 years of age, on aid and reported fully employable in the month of September, 1938. Of this total 218 were reported to have never been gainfully employed.

4. The urban classes did not commence until October, 1938, but there have been 36 young women in training in the city of Regina since that time, 8 of whom have been placed in employment.

Location of all youth training schools in Saskatchewan—

Urban classes (Men and women): Regina Saskatoon, Moose Jaw, Prince Albert, North Battleford, Weyburn, Swift Current, Yorkton, Melville, Estevan, Milford, Rosthern, Humboldt, Outlook.

Rural men's courses: Alvena, Arcola, Brooksby, Blain Lake, Birch Hills, Balcarres, Bruno Canora, Craik, Choiceland, Cupar, Colfax, Creelman, Domremy, Edenwold Esterhazy, Evesham, Foam Lake, Fort Qu'Appelle, Gainsboro, Grayson, Herchel, Hefford, Harris, Indian Head, Kinistano, Keniston, Kelfield, Leslie, Lumsden, Langham, Lestock, Luseland, Lashburn, Langenburg, Milford, Mistatim, Moose Jaw, Munster, Mardstone, Mildred, Nokomis, Neudorf, Primate, Prud'Homme, Paradue Hill, Parkerview, Ridgedale, Robin Hood, Rocanville, Redvers, Rouleau, St. Walburg, Southey, Seamans, Sandwich, Starsbourg, Viscount, White Bear, Wiseton, Wynward, White Star, Whitewood.

Rural Women's courses: Ogema, Cupar, Allan, Abernethy, Leslie, Woodlawn, Wingard, Beechy, Elfros, Viceroy, Lampman, Wadena, Kamsack, Langham, Gerald, Leney, Bruno, Foam Lake, Nokomis, Big River, Gull Lake, Carnduff, Penzance, Medstead, Waldheim, Meatham, Shaunavon, Theodore, Elrose, Lebret, Battleford, Scott, Outlook, Melville.

DIRECTOR OF HEALTH PUBLICITY

Mr. MARTIN:

1. Is there a post in the civil service of Canada known as director of health education?

2. If so, when was this post created, and what are the duties of the holder of this post?

Mr. POWER:

1. There is a position of director of publicity in the division of publicity and health education, Department of Pensions and National Health.

2. (a) Position created January 29, 1938. Appointment of F. W. Rowse, by Civil Service Commission, May 23, 1938; (b) To direct an intensive campaign of publicity in the interests of public health throughout the dominion. To prepare booklets; issue items to the press on health topics; furnish daily health bulletins to radio stations; design exhibits. Is general editorial director for the department.

SASKATCHEWAN RIVER DAM CONTRACT

Mr. PERLEY:

1. Has the contract for the building of a dam across the Saskatchewan river, at or near Saskatoon, been let?

2. If so, who is the contractor, and what is the amount of the tender under the contract, and how many contractors tendered?

3. Who are the inspectors and engineers representiing the government on this project?

Mr. GARDINER:

1. Yes.

2. Contractor—Poole Construction Company Limited, Regina, Sask., and the A. W. Heise Company, Saskatoon, Sask., jointly. Contract amount—$243,106.25. Number of contractors who tendered—9.

3. V. E. Thierman, engineer.

SIMPSON, SASK. COMMUNITY PASTURE

Mr. PERLEY:

1. Was a community pasture established at or near Simpson, Saskatchewan?

2. If so, who received the contract for the fencing of said pasture and what was the cost per mile?

Mr. GARDINER:

1. Yes.

2. Work performed by local residents under direction of foreman appointed by Department of Agriculture. The cost per mile for fencing was $361.24.

PENSIONS APPEAL COURT—CASES PENDING

Mr. MacNEIL:

1. How many appeals were pending consideration by the pensions appeal court as at December 31, 1937, in the following categories: (a) appeals by the crown from the quorum pensions commission; (b) appeals of applicants from quorum pensions commission; (c) other categories?

2. How many appeals were filed with the appeal court during 1938 as follows: (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?

3. How many appeals were heard by the appeal court during 1938 as follows: (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?

4. How many appeals were allowed in 1938, as follows: (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?

5. How many appeals were disallowed in 1938, as follows: (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?

6. How many appeals were referred by the appeal court to the pensions commission in 1938: (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?

7. How many appeals were awaiting consideration by the appeal court as at December 31, 1938: (a) appeals of crown from quorum pensions commission; (b) appeals of applicants from quorum pensions commission; (c) other categories?

Mr. POWER:

1. (a) 8; (b) 321; (c) 42—371 pending December 31, 1937.

2. (a) 56; (b) 895; (c) 54—1,005 filed.

3. (a) 48; (b) 1,036; (c) 91—1,175 heard.

4. (a) 13; (b) 13; (c) 6—32 allowed.

5. (a) 29; (b) 1,022; (c) 83—1,134 disallowed.

6. (a) 6; (b) 9; (c) 0—15 remitted.

7. (a) 16; (b) 180; (c) 5—201 awaiting hearing at as December 31, 1938.

FIELD CROPS—EXPORTS AND IMPORTS

Mr. LACOMBE:

1. What was the value of field crops in Canada during each of the years 1935, 1936, 1937, and 1938?

2. What was the total amount of our exports during the years 1937 and 1938?

3. What was the amount of our imports during the said years?

Mr. EULER:

1. 1935, $511,872,900; 1936, $612,300,400; 1937, $558,387,000; 1938, $527,419,000.

2. Fiscal years ended March 31 (total domestic exports)—1937, $671,875,566; 1938, $799,069,918.

3. Fiscal years ended March 31 (total imports)—1937, $1,061,181,906; 1938, $1,070,228,609.

SOLDIER SETTLERS' DEBT REDUCTIONS

Mr. REID:

1. How many settlers under the soldier settlement board applied during 1938 for a compromise of their debts under the Farmers' Creditors Arrangement Act?

2. What was the total value, by provinces, of the reductions put into effect during 1938 in regards to the appeals so made; and (a) how many cases, by provinces, are awaiting board of review order?

3. Of the numbers applying for a compromise, how many were ex-service men?

Mr. CRERAR:

1. 3,148.

2.

British Columbia	168	$315,786 50
Alberta	311	675,048 25
Saskatchewan	99	228,399 95
Manitoba	85	184,920 38
Ontario	76	103,248 19
Quebec	61	94,783 63
Maritimes—		
Nova Scotia, New Brunswick and Prince Edward Island	217	335,120 87
	1,017	$1,937,307 77
	103	No reduction
	1,120	

2. (a)

British Columbia	206
Alberta	832
Saskatchewan	655
Manitoba	193
Ontario	76
Quebec	16
Maritimes—	
Nova Scotia, New Brunswick and Prince Edward Island	50
	2,028

3. 1,682.

IMMIGRATION

Mr. LACROIX (Quebec-Montmorency):

1. How many immigrants entered Canada during the first six months of the fiscal year beginning April 1, 1938?

2. How many immigrants entered Canada since the 1st of October, 1938?

3. During both periods, how were the said immigrants classified: (a) as to nationality; (b) as to religion?

Mr. CRERAR:

1. 10,704.

2. 3,874. (To December 31, 1938.)

3. (a) See statements attached.
(b) Information not available.

Total immigration to Canada, by racial origin, for the six months April 1, 1938 to September 30, 1938

	Via ocean ports	From U.S.A.	Totals
Albanian	7	....	7
Arabian	....	2	2
Armenian	4	1	5
Belgian	115	6	121
Bohemian	....	9	9
British—			
English	1,486	1,093	2,579
Irish	260	423	683
Scotch	417	406	823
Welsh	47	31	78
Bulgarian	15	....	15
Croatian	173	2	175
Czech	115	2	117
Dalmatian	1	....	1
Dutch	152	84	236
East Indian	3	....	3
Esthonian	9	....	9
Finnish	44	5	49
French	77	547	624
German	382	301	683
Greek	63	3	66
Hebrew	236	145	381
Italian	213	33	246
Japanese	25	....	25
Jugo-Slav	154	2	156
Lettish	2	....	2
Lithuanian	20	4	24
Magyar	366	10	376
Maltese	1	5	6
Mexican	1	....	1
Montenegrin	3	....	3
Moravian	9	....	9
Negro	3	8	11
North American Indian	....	7	7
Polish	288	41	329
Portuguese	1	1	2
Roumanian	80	1	81
Russian	89	10	99
Ruthenian	1,073	15	1,088
Scandinavian—			
Danish	36	26	62
Icelandic	....	8	8
Norwegian	14	61	75
Swedish	7	52	59
Serbian	32	2	34
Slovak	1,259	11	1,270
Spanish	5	1	6
Swiss	40	5	45
Syrian	12	2	14
Totals	7,339	3,365	10,704

71492—40½

3.—Concluded

Total immigration to Canada, by racial origin, for the three months, October 1, 1938, to December 31, 1938

	Via ocean ports	From U.S.A.	Totals
Albanian	3	....	3
Arabian	2	....	2
Belgian	14	3	17
British—			
English	502	457	959
Irish	86	190	276
Scotch	166	177	343
Welsh	20	15	35
Bulgarian	6	....	6
Croatian	51	....	51
Czech	21	....	21
Dutch	20	33	53
East Indian	2	....	2
Finnish	7	8	15
French	38	208	246
German	139	110	249
Greek	28	4	32
Hebrew	159	68	227
Italian	85	13	98
Japanese	11	....	11
Jugo-Slav	52	1	53
Lettish	2	....	2
Lithuanian	15	1	16
Magyar	91	4	95
Mexican	1	....	1

Total immigration to Canada, by racial origin, for the three months, October, 1938, to December 31, 1938—*Concluded*

	Via ocean ports	From U.S.A.	Totals
Montenegrin	5	....	5
Negro	1	12	13
North American Indian	....	2	2
Polish	209	11	220
Portuguese	....	1	1
Roumanian	17	1	18
Russian	45	....	45
Ruthenian	520	4	524
Scandinavian—			
Danish	2	4	6
Norwegian	5	15	20
Swedish	4	28	32
Serbian	25	3	28
Slovak	119	4	123
Spanish	1	1	2
Swiss	9	1	10
Syrian	6	6	12
Totals	2,489	1,385	3,874

Mr. BRUNELLE:

1. How many immigrants entered Canada in 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, and 1938?

2. How many of each race?

Mr. CRERAR:

1 and 2. See statement attached.

Total Immigration to Canada, by racial origin, from January 1, 1930 to December 31, 1938

Racial origin	Calendar years								
	1930	1931	1932	1933	1934	1935	1936	1937	1938
Albanian	33	5	.....	.....	4	1	4	9	10
Arabian	7	1	2	.....	1	2	.....	3	5
Armenian	28	6	5	10	3	5	6	6	6
Belgian	427	97	81	50	78	100	94	111	199
Bohemian	76	22	24	12	10	7	13	12	10
British—									
English	24,789	9,417	6,461	4,301	3,491	3,089	3,049	3,736	4,163
Irish	7,876	2,748	1,886	1,316	1,021	895	854	1,017	1,130
Scotch	11,996	3,825	2,612	1,700	1,198	1,204	1,133	1,314	1,365
Welsh	1,116	371	184	126	115	88	105	102	130
Bulgarian	353	17	16	15	5	13	23	32	26
Chinese	.....	.....	1	1	1	.....	.....	1	.....
Croatian	604	118	95	107	152	158	232	262	287
Czech	261	78	77	54	76	113	124	182	172
Dalmatian	.....	.....	.....	.....	.....	.....	1	.....	1
Dutch	1,605	308	247	190	150	172	211	221	336
East Indian	80	52	61	36	33	26	13	11	9
Esthonian	87	9	1	3	2	3	5	3	9
Finnish	2,811	136	62	67	79	64	61	94	81
French	5,084	2,938	2,832	1,337	903	840	833	871	1,049
German	13,544	2,389	1,842	1,213	945	725	792	1,137	1,102
Greek	575	66	71	53	58	67	92	110	130
Hebrew	4,220	670	747	781	869	803	659	559	748
Italian	1,327	633	435	365	375	392	349	481	428
Japanese	218	174	119	106	126	70	103	146	57
Jugo-Slav	521	78	59	68	104	119	109	130	225
Lettish	36	2	8	3	1	2	5	10	6
Lithuanian	624	65	49	44	45	25	51	44	47
Magyar	3,360	530	333	506	442	344	334	573	617
Maltese	22	5	6	.....	.....	.....	4	3	6
Mexican	.....	1	.....	.....	.....	1	6	1	2
Montenegrin	3	.....	.....	.....	.....	.....	.....	2	8
Moravian	5	1	3	.....	.....	.....	.....	3	9
Negro	294	104	71	80	25	28	18	27	27
North American Indian	8	29	24	10	6	2	2	11	9
Persian	1	1	1	.....	.....	.....	1	3	.....
Polish	5,207	680	474	410	436	447	414	675	633
Portuguese	11	5	9	5	5	5	4	5	3
Roumanian	300	48	38	38	44	43	61	91	113
Russian	1,123	111	104	82	70	99	94	144	165
Ruthenian	8,133	541	482	390	578	483	815	1,215	1,905
Scandinavian—									
Danish	1,421	175	116	82	63	54	63	81	80
Icelandic	40	10	12	10	12	11	4	6	10
Norwegian	1,808	262	275	144	132	122	101	113	119
Swedish	1,440	276	225	126	100	113	81	138	116
Serbian	208	50	51	35	38	28	40	80	71
Slovak	2,645	344	262	408	594	415	571	1,173	1,523
Spanish	36	26	23	12	15	12	22	16	9
Spanish American	2	1	2	4	.....	.....	.....	4	.....
Swiss	340	72	57	46	43	55	60	110	58
Syrian	93	31	46	34	27	32	26	22	30
Turkish	8	2	.....	2	1	.....	1	1	.....
Totals	104,806	27,530	20,591	14,382	12,476	11,277	11,643	15,101	17,244

CANADIAN NATIONAL RAILWAYS—INDEBTEDNESS

Mr. ESLING:

1. What was the total indebtedness of the Canadian National Railways to the public as at December 31, 1938?

2. What is the total annual interest on this indebtedness?

3. What is the total sum transferred from the consolidated revenue fund to the credit of the Canadian National Railways from the date of organization of the Canadian National railway system to December 31, 1938?

4. (a) On what portion of the indebtedness to the consolidated revenue fund is the Canadian National Railways obligated for interest; (b) what amount, if any, of this obligation is paid annually?

Mr. HOWE:

1. Canadian National railway accounts for 1938 are not yet available. As of December 31, 1937, the total indebtedness of the Canadian National Railways to the public was $1,221,997,399.

2. As of December 31, 1937, $48,888,546.

3. Appendix No. 28, page 113, of dominion public accounts for the fiscal year ended March 31, 1938, is a statement of assistance given to railways by the Dominion of Canada to that date. Complete information is given therein with respect to cash contributions, loans and advances to Canadian National Railways, amount repaid, transferred, or discharged, the amount written off, and the amount presently outstanding.

4. (a) The Canadian National railway is indebted to the government of Canada for interest on all sums currently advanced for purposes other than in payment of deficits.

(b) Interest is paid annually to the government until the principal amounts are repaid. Repayments are made from the proceeds of Canadian National railway securities sold to the public, and the new securities become part of those referred to in question 1. Interest on the new securities then forms part of the interest referred to in question 2.

The amount of such obligations fluctuates from year to year, but such information is always to be found in the annual report of the Canadian National railways as tabled in parliament and referred to the select standing committee on Canadian National railway accounts.

LIMA CONFERENCE

Mr. BRUNELLE:

1. By whom was the recent Lima Pan-American conference called?

2. Was Canada extended an invitation to attend the conference?

Mr. MACKENZIE KING:

1. The invitations were issued by Signor Carlos Concha, minister of foreign affairs on behalf of the government of Peru, pursuant to a resolution of the seventh international conference of American States held at Montevideo, Uruguay, in December, 1933.

2. No.

CANADIAN NATIONAL RAILWAYS—INTEREST DEFICIT

Mr. ESLING:

What sum of money was contributed from the consolidated revenue fund to make up the Canadian National Railway's interest deficit for that portion of the 1938-39 fiscal year, ending December 31?

Mr. HOWE: $41,964,061.37.

[Mr. Howe.]

CHRISTMAS TREES—VALUE OF 1938 CUT

Mr. ISNOR:

1. Has the government knowledge as to the number of Christmas trees cut in Canada during the year 1938? If so, what was the total number of spruce trees cut, by provinces?

2. What was the value in dollars and cents of spruce trees cut in each province?

3. What was the total number of fir trees cut, by provinces?

4. What was the value in dollars and cents of fir trees cut in each province?

5. What steps, if any, are being taken to control and regulate the cutting of Christmas trees?

Mr. CRERAR:

1, 2, 3, and 4. No information.

5. Practically all Christmas trees harvested in Canada are cut in the provinces. Those taken from provincial crown lands are subject to provincial regulations. However the large proportion are cut on privately owned lands and are not subject to cutting regulations.

NATIONAL HOUSING ACT—QUEBEC LOANS

Mr. BLANCHETTE:

1. What is the total number and value of loans made in the dominion under the National Housing Act, 1938?

2. What is the total number and value of loans made under this act in the province of Quebec?

3. What is the total number and value of these loans made in the eastern townships district (Compton, Sherbrooke, Richmond-Wolfe, Shefford, Frontenac, Brome-Missisquoi)?

Mr. DUNNING:

1. The National Housing Act, 1938, which repealed and reenacted the Dominion Housing Act with important amendments, was passed on July 1, 1938, but lending operations under the new Act did not begin until about August 1, 1938. From August 1, 1938, to December 31, 1938, the total number of loans approved is 1,304, providing for 1,837 family housing units, and amounting to $6,522,347. Under the National Housing Act, 1938, and its predecessor act, the total number of loans approved is 4,675, providing for 7,132 family housing units, and amounting to $27,678,002.

2. The total number of loans approved under the National Housing Act, 1938, in the province of Quebec is 256, providing for 544 family housing units, and amounting to $2,029,539. Under the National Housing Act, 1938, and its predecessor act, the total number of loans approved to December 31, 1938, in the province

of Quebec is 889, providing for 1,744 family housing units, and amounting to $7,521,461.

3. The total number of loans approved to December 31, 1938, under the National Housing Act, 1938, in the eastern townships is eight, providing for eleven family housing units, and amounting to $33,770, as follows:

	Loans	Family housing units	Amount
Sherbrooke (Sherbrooke Co.)	3	5	$18,900
Granby (Shefford Co.)	2	2	4,370
Bromptonville (Richmond Co.)	1	1	4,000
Magog (Stanstead Co.)	1	1	3,500
Windsor (Richmond Co.)	1	2	3,000
	8	11	$33,770

The total number of loans approved to December 31, 1938, under the National Housing Act, 1938, and its predecessor act, in the eastern townships is 14, providing for 25 family housing units, and amounting to $82,648, as follows:

	Loans	Family housing units	Amount
Sherbrooke (Sherbrooke Co.)	8	18	$65,028
Granby (Stanstead Co.)	2	2	4,370
Bromptonville (Richmond Co.)	1	1	4,000
Magog (Stanstead Co.)	1	1	3,500
North Hatley (Stanstead Co.)	1	1	2,750
Windsor (Richmond Co.)	1	2	3,000
	14	25	$82,648

MUNICIPAL IMPROVEMENTS ASSISTANCE ACT

Mr. BLANCHETTE:

1. How many loans have been made by the federal government to municipalities in the province of Quebec under the Municipality Assistance Act, 1938?

2. What is the total amount of these loans?

Mr. DUNNING:

1. None.

2. Nil.

Mr. FERLAND:

1. What provinces have taken advantage of the act of 1938 intituled "The Municipal Improvements Assistance Act," authorizing the borrowing of moneys by municipalities at a rate of 2 per cent per annum, on the guarantee of the province interested?

2. What provinces refused to give such guarantee to the dominion government?

3. What is the total amount loaned by the dominion government in each of the said provinces which have taken advantage of the said law?

Mr. DUNNING:

1. British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Prince Edward Island.

2. Ontario. (It is understood that the government of the province of Nova Scotia intends to introduce legislation at the next session of the legislature to enable municipalities in that province to take advantage of the Act. No information has been received as to the attitude of the government of the province of Quebec, but no formal applications for loans from municipalities in the province of Quebec, approved by the provincial government have been submitted to the Minister of Finance.)

3. British Columbia, $1,416,635; Alberta, $591,318.73; Saskatchewan, $628,200; New Brunswick, $402,513.80; Prince Edward Island, $7,000; Manitoba, nil.

BREN MACHINE GUN CONTRACT—COST OF INQUIRY

Mr. BLANCHETTE:

What is the cost to the government of the recent Bren inquiry?

Mr. MACKENZIE (Vancouver): $12,595.34 —To January 23, 1939, from National Defence Appropriation.

CANADIAN BROADCASTING CORPORATION— HORNBY, ONT. STATION

Mr. GRAYDON:

1. What is the total cost of the Canadian Broadcasting Corporation station CBL at Hornby, Ontario?

2. What area of land was purchased for the purpose of erecting the said station?

3. What was the purchase price of the said land?

Mr. HOWE:

1. $291,370.14.

2. 51·32 acres.

3. $6,433.60.

WAR MUNITIONS—PERMITS ISSUED FOR EXPORT

Mr. REID:

1. Were any permits issued during 1938 by Canada for the exportation of arms and ammunition to China and including airplanes or airplane parts?

2. If so, what were the total number of permits so issued, and what was the total value of all such exports to China during the year 1938?

3. Were any permits issued during 1938 by Canada for the exportation of arms and ammunition to Japan and including airplanes or airplane parts?

4. If so, what were the total number of permits so issued, and what was the total value of all such exports to Japan during the year 1938?

Mr. ILSLEY:

1. Yes.
2. 101 permits. $602,270.40.
3. Yes.
4. 2 permits. $43,550.

HOME IMPROVEMENT PLAN—LOANS IN PEEL COUNTY

Mr. GRAYDON:

1. How many loans have been made in each year under the home improvement plan in: (a) Canada; (b) Peel county?

2. How much has been so loaned in each year in: (a) Canada; (b) Peel county?

Mr. DUNNING:

1 and 2.

Canada

	Number	Amount
Nov. 1-Dec. 31, 1936	3,159	$ 1,198,253 02
Jan. 1-Dec. 31, 1937	30,772	12,051,873 12
Jan. 1-Dec. 31, 1938	28,077	11,516,422 92
	62,008	$24,766,549 06

County of Peel

Nov. 1-Dec. 31, 1936	6	$ 4,031 45
Jan. 1-Dec. 31, 1937	135	59,002 21
Jan. 1-Dec. 31,1938	91	37,692 39
	232	$100,726 05

TRANSPORT ACT, 1938—"AGREED CHARGES"

Mr. GRAYDON:

1. How many "agreed charges" under the provision of Part V of the Transport Act, 1938, have been approved by the board of transport commissioners since the said act came into force?

2. How many of such applications were refused?

Mr. HOWE:

1 and 2. The railway companies are engaged in the study and preparation of material for submission of "agreed charges" with certain shippers to the Board of Transport Commissioners for approval, but as yet no agreement has been submitted to the board for approval under Part V of the Transport Act, 1938.

BOOK OF REMEMBRANCE

Mr. GRAYDON:

1. Will the book of remembrance be completed prior to the visit of their majesties to Ottawa?

2. If not, when does the government expect it to be finished?

[Mr. Howe.]

Mr. MACKENZIE (Vancouver):

1. No.

2. The chairman, Book of Remembrance committee, expects that the Book of Remembrance will be completed, including binding, during the fiscal year 1939-40.

Mr. PINARD:

1. (a) Is the book of remembrance completed? (b) If not, when is it expected that it will be?

2. How many names have been inscribed in the book?

3. What has been the cost of the work?

4. Will it be arranged for its deposit on the altar of remembrance in the memorial chamber of the peace tower, in the presence of their majesties the king and queen, on their visit to Ottawa in May next?

Mr. MACKENZIE (Vancouver):

1. (a) No. (b) The chairman, book of remembrance committee, anticipates the book being completed, including binding, during the fiscal year 1939-40.

2. 66,784 names.

3. $45,000.

4. The book will not be completed in time for dedication in the memorial chamber during the visit of their majesties to Canada.

BUTTER IMPORTS

Mr. GRAYDON:

1. How many pounds of butter were imported into Canada from: (a) Australia; (b) New Zealand, during the years 1936, 1937, and 1938?

2. What quantity of butter is now in cold storage in Canada?

Mr. EULER:

1.

Calendar years	Imports from Australia (pounds)	Imports from New Zealand (pounds)
1936	—	44,520
1937	—	1,456
1938	1,400,000	2,871,373

2. January 1, 1939—Total in cold storage (preliminary), creamery butter, 43,784,406 pounds; dairy butter, 455,554 pounds. Total 44,239,960 pounds.

Mr. BLANCHETTE:

1. What is the total number of pounds of butter that was imported into this country from January, 1938, to April 1, 1938?

2. In January, 1938, what was the shortage of butter in storage in this country as compared to the butter storage of January, 1937?

3. What is the Canadian monthly consumption of this commodity?

Mr. EULER:

1. 4,886,930 pounds.

2. In storage January 1, 1937: Creamery butter, 35,707,463; dairy butter, 292,080; total butter, 35,999,543.

In storage January 1, 1938: Creamery butter, 27,769,429; dairy butter, 137,772; total butter, 27,907,201. Apparent shortage, 8,092,342.

3. The average monthly consumption of butter (creamery and dairy) based on annual consumption figures for 1937 amounted to 30,313,302 pounds. The monthly consumption based on the five-year average 1933 to 1937, amounted to 28,773,953 pounds.

Mr. BRUNELLE:

1. Has Canada imported any butter from New Zealand or elsewhere since May 1, 1938?

2. If so, how many pounds of butter were imported into Canada?

Mr. EULER:

1. Yes.

2. From New Zealand, 166 pounds. From other countries, 5,888 pounds.

CATTLE—NUMBER, EXPORTS AND MILK PRODUCTION

Mr. GRAYDON:

1. What is the total cattle population of Canada?

2. What percentage of our cattle in Canada was exported, in the calendar year 1938, to the United States?

3. What is the last recorded total, in gallons, of our production of milk in Canada?

Mr. EULER:

1. On June 1, 1938, cattle on farms, 8,511,200.

2. 1·72 per cent.

3. In 1937—1,668,797,835 gallons.

SAMUEL J. MAGUIRE

Mr. WERMENLINGER:

1. Was one Samuel J. Maguire the master mechanic in charge of work in the Montreal harbour?

2. If so, for how many years did Mr. Maguire occupy that position?

3. Is Mr. Maguire still in that position.

4. If not, for what reason was he relieved of his duties?

Mr. HOWE:

1. Was employed as master mechanic with duties in relation to repairs of mechanical equipment in grain elevators and shed freight hoists.

2. May 1, 1930, to April 5, 1938.

3. No.

4. Position abolished in interest of efficiency and Mr. Maguire's services dispensed with.

SWAMP LAKE, PETERBOROUGH COUNTY, DAM

Mr. TUSTIN:

1. Did the Department of Transport, in the fall of 1938, build a dam between Swamp lake and Bass lake, in Peterborough county?

2. If so, did they purchase spruce, pine, or other logs for the construction of the dam?

3. From whom were these logs purchased, and at what price?

4. Were tenders called?

5. If tenders were not called, were any other prices submitted for logs in this connection?

6. If so, by whom, and what were the prices?

Mr. HOWE:

1. No. Repairs only.

2. Yes; hemlock logs only.

3. From Mr. Ralph Phillips, Kinmount; at 20c per L. ft.

4. Yes.

5 and 6. Answered by No. 4.

POST OFFICE DEPARTMENT—DIRECTOR OF PUBLIC RELATIONS

Mr. MARSHALL:

1. Who is the present incumbent in the position of director of public relations in the Post Office Department?

2. When was this office created?

3. What are the duties attached to the office?

4. What salary and other emoluments are paid to this officer?

Mr. McLARTY:

1. W. J. Turnbull.

2. April 1st, 1936.

3. To control and supervise the Department's publicity, sales promotion, and public relations.

4. $3,900.

BREN MACHINE GUN CONTRACT—GOVERNMENT COUNSEL, COST OF INQUIRY

Mr. MacINNIS:

1. Who were the government counsel in connection with the royal commission on the Bren machine gun contract?

2. What remuneration did each receive per day?

3. What amount for expenses did each receive per day?

4. What was the total amount for fees and expenses paid to each?

5. What was the total government expenditure on account of this commission?

Mr. MACKENZIE (Vancouver):

1. The Honourable J. L. Ralston, K.C., Mr. L. A. Forsyth, K.C., Mr. Jacques Dumoulin, K.C.

2. The Hon. J. L. Ralston, nil; Mr. L. A. Forsyth, nil; Mr. Jacques Dumoulin: fees, including living expenses, $75.00.

3. No per diem expenses.

4. The Hon. J. L. Ralston: fees, nil; expenses, $2,756.93. Mr. L. A. Forsyth, nil. Mr. Jacques Dumoulin: fees, including living expenses, $5,625.00, travelling expenses, $90.10, total, $5,715.10.

5. $15,352.27—To February 2, 1939, from National Defence Appropriation.

NATIONAL HOUSING ACT—LOANS BY PROVINCES

Mr. NEEDHAM:

1. How many loans, and of what value, have been made in each province under the National Housing Act, 1938?

2. What is the amount of each such loan made in Saskatchewan?

3. How many applications were made for loans under the said Act in each of the provinces of Saskatchewan and Alberta?

[Mr. Howe.]

Mr. DUNNING:

1. The National Housing Act, 1938, which repealed and re-enacted the Dominion Housing Act with important amendments, was passed on July 1, 1938, but lending operations under the new act did not begin until about August 1, 1938. From August 1, 1938 to December 31, 1938, loans under the National Housing Act, 1938, have been approved as follows:

Province	Loans	Family housing units provided	Amount
P.E.I.	5	5	$ 26,000
Nova Scotia	46	56	196,462
New Brunswick	18	20	88,260
Quebec	256	544	2,029,539
Ontario	602	828	2,846,996
Manitoba	68	68	276,219
Saskatchewan	5	5	16,800
Alberta	....	....	....
British Columbia	304	311	1,042,071
Total	1,304	1,837	$6,522,347

Loans under the National Housing Act, 1938, and its predecessor act, have been approved to December 31, 1938, as follows:

Province	Loans	Family housing units provided	Amount
P.E.I.	15	15	$ 80,034
Nova Scotia	418	431	1,830,960
New Brunswick	110	118	505,117
Quebec	889	1,744	7,521,461
Ontario	2,041	3,380	12,917,420
Manitoba	158	218	914,853
Saskatchewan	7	7	25,000
Alberta	....	....	....
British Columbia	1,037	1,219	3,883,157
Total	4,675	7,132	$27,678,002

2. National Housing Act—

No. of loan	Location	Family housing units provided	Amount of loan
1	Regina	1	$ 3,700
2	Regina	1	3,700
3	Regina	1	3,700
4	Regina	1	2,500
5	Regina	1	3,200
Total 5		5	$16,800

Dominion Housing Act—

No. of loan	Location	Family housing units provided	Amount of loan
1	Prince Albert	1	$2,200
2	Yorkton	1	6,000
Total.... 2		2	$8,200

3. Only those applications for loans which are recommended for acceptance by approved lending institutions are forwarded to the Department of Finance. The department has therefore no record of all applications or enquiries for loans made to approved lending institutions.

KEDGWICK, N.B., MAIL CARRIER

Mr. WERMENLINGER:

1. Was the person who carried the mail between the post office and the railway station at Kedgwick replaced?

2. If so: (a) what was the name of the mail carrier prior to January 1, 1939; (b) for what reason was the change made?

Mr. McLARTY:

1. Yes.

2. (a) Estate of late Joseph A. Roy; (b) Contract expired 31st December, 1938, necessitating new contract arrangements from 1st January, 1939.

STATIONARY SEARCHLIGHTS

Mr. MacNEIL:

1. To what firms or individuals were contracts awarded for the manufacture of stationary search lights for the Department of National Defence in 1938?

2. What sum was involved in each instance?

3. Were such contracts awarded on a basis of open tender or by selection?

4. Have deliveries and complete operating installations been made?

5. Were such contracts approved by the interdepartmental committee? If so, what steps were taken to control profits?

Mr. MACKENZIE (Vancouver):

1. None. A contract is now under consideration.

2. $1,926,000.

3. Tenders were invited by advertisement in the public press.

4. See 1 above.

5. Yes. See reply to No. 3.

MANUFACTURE OF SHELLS

Mr. MacNEIL:

1. How many contracts have been awarded for the manufacture of shells in: (a) Canada; (b) Great Britain; (c) other countries?

2. To what firms or individuals have such contracts been awarded?

3. What is the sum involved in respect of each contract?

4. Were such contracts awarded on a basis of competitive bids or selection?

5. Have deliveries been made in respect of each contract?

6. Were all such contracts or orders approved by the interdepartmental committee? If not, what steps were taken to control profits?

Mr. MACKENZIE (Vancouver):

1. (a) one; (b) nil; (c) nil.

2. Messrs. Montreal Construction Supply and Equipment, Ltd., Montreal.

3. The contract was placed on a cost-plus basis at an upset manufacturing cost of $4 per shell for 20,000 shells, quick-firing, 18-pdr. high explosive, and $6.75 for 10,000 shells, quick-firing, 4·5″ Howitzer high explosive.

4. Selection.

5. No.

6. Yes.

SINGLE TRANSIENTS IN TORONTO

Mr. BLACKMORE:

1. With respect to the 500 transient, single, young men under 25 years of age in Toronto, whose case was brought to the attention of parliament recently, what steps should these boys take now in order to get means of sustenance?

2. Whose responsibility are these boys: Toronto's, Ontario's or Ottawa's?

3. If a combination of all three, whom should the boys approach to register their needs?

4. Is there a definite office in Toronto at which they can make known their plight and request assistance? If so, where is it, and what is the procedure for them to follow?

5. What government is responsible for taking the initiative for giving them help?

6. What sort of assistance will be given: (a) during the first day; (b) during the first week?

Mr. ROGERS:

1. The matter of single transient young men under 25 years of age was brought to the attention of the house on January 20 following the arrest of some of these men. At that time it was stated that information available was to the effect that the matter was receiving the attention of the provincial government (*Hansard*, page 189). Any persons in need of assistance in the city of Toronto should make application to the city relief office.

2. Under agreement the dominion is assisting the province of Ontario by contributing to the cost to the province and its municipalities of food, fuel, clothing and shelter (or any of them) supplied to individuals in necessitous circumstances, but it is the responsibility of the local authorities, under provincial regulation, to determine to whom and to what extent such assistance shall be granted.

3 and 4. Answered by No. 1.

5 and 6. Answered by No. 2.

*TORONTO HOUSEWIVES LEAGUE—COMPLAINTS RESPECTING HIGH COST OF LIVING

Mr. CHURCH:

1. What action, if any, has been taken by the Department of Labour with respect to the petitions and complaints of the Toronto Housewives League and others respecting the high cost of living, presented in the house in 1938?

2. Were any prosecutions instituted, or investigations made into combinations in restraint of trade and into trusts and combines in Canada? If so, what were they?

Mr. ROGERS: The hon. member asked a question regarding this matter in the house in February last and in my answer of February 17 I stated that "if there are grounds for believing that trade combinations are fixing prices to the detriment of the public, the provisions of the Combines Investigation Act may be invoked in the regular manner by the hon. member's correspondents or others who know of the existence of such combinations." The act was not so invoked and no investigation was made.

In reply to the second question I may say that investigations under the Combines Investigation Act are being made continuously. Prosecution proceedings as a result of the recent report on tobacco have been commenced in Alberta, the investigation relating to corrugated boxes will be completed shortly, and the British Columbia fruit investigation is in progress. These are the principal matters at present receiving attention.

NEW CUSTOMS OUTPORTS

Mr. FERLAND:

1. Were any outports in Canada organized into ports during the last three years?

2. If so, what are the names of such new ports?

Mr. ILSLEY:

1. 10.

2. Amos, Que.; Coutts, Alta.; Farnham, Que.; Edmundston, N.B.; Lacolle, Que.; Pacific Highway, B.C.; Trail, B.C.; Walkerville, Ont.; West Toronto, Ont.; Victoriaville, Que.

[Mr. Rogers.]

NATIONAL DEBT

Mr. FAIR:

1. What is the amount of Canada's national debt as at March 31, 1938?

2. What are the names of the creditors to whom we owe this debt, and what amount is due each?

3. What amount of interest was paid on the national debt in the fiscal year 1937-38: (a) in Canada; (b) outside Canada?

4. On the basis of payments made to date, how long will it take to pay off our national debt?

Mr. DUNNING:

1. Total liabilities of the Dominion of Canada at March 31, 1938, amounted to $3,540,237,614.54, of which $3,314,558,031.86 represented unmatured funded debt and treasury bills. The net debt (total liabilities less active assets) as of the same date was $3,101,667,570.25.

2. It is not possible to answer this question as only approximately 40 per cent of the funded debt is in the form of registered bonds. Moreover, there are over 160,000 registered holders of bonds payable in Canada only.

3. Interest on the gross interest-bearing debt (funded and unfunded): (a) $101,780,-368.73; (b) $30,337,052.85.

4. The paying off of the debt of Canada is dependent on the budgetary policy of the government and, therefore, as it is not the practice to answer questions relating to policy, the question should be dropped.

RADIO LICENCES

Mr. GRAYDON:

1. How many radio receiving licences have been issued during the current fiscal year in Canada?

2. How many persons have been convicted and fined during the current fiscal year for failure to obtain such licences?

3. What is the total amount collected during this fiscal year from the sale of radio receiving licences?

4. How much did it cost to effect such collections?

Mr. HOWE:

1. 1,162,800.

2. 1,410.

3. $2,679,216.01.

4. Commissions $194,581.35 and administration $81,264.74.

(All figures for the current fiscal year to the 31st of December, 1938.)

RURAL MAIL ROUTES

Mr. GRAYDON:

1. How many rural mail routes in Canada have been opened for tender during the calendar year 1938?

2. How many were renewed during the same period?
3. What is the average mileage covered by rural mail carriers in Canada?
4. What is the average contract price per mile per year of Canadian rural mail routes?

Mr. McLARTY:

1. 479 (including 146 new routes).
2. 750.
3. 21·18 miles per trip (as on 31st March, 1938).
4. $32.54 per mile per annum based on six trips per week (as on 31st March, 1938).

DELISLE, SASK., MAIL SERVICE

Mr. COLDWELL:

1. Who has the contract for the mail service between Delisle post office and Canadian National railway station?
2. Who had the contract to December 31, 1938?
3. What amount did he receive for his services?
4. What amount is the present tenderer to receive?
5. Why was the change, if any, made?
6. Upon whose recommendation was the change, if any, made?

Mr. McLARTY:

1. William Charles Green.
2. John E. Nugent.
3. $374.40.
4. $315.
5. Contract held by J. E. Nugent expired 31st December, 1938.
6. Contract was awarded to W. C. Green, the lowest tenderer, in accordance with terms of the Post Office Act.

EXPORTS OF DAIRY CATTLE

Mr. PURDY:

How many dairy cattle were exported from the maritime provinces to the United States during the years 1934, 1935, 1936, 1937 and 1938 respectively, and what rate of duty was effective each year against such exports?

Mr. EULER:

Exports of dairy cattle to the United States through the provinces of Nova Scotia, Prince Edward Island and New Brunswick during the fiscal years ended March 31, 1934 to 1938.

Fiscal year	Nova Scotia		New Brunswick		Prince Edward Island	
	No.	Value	No.	Value	No.	Value
		$		$		$
1934	....	....	43	1,409	....	....
1935	....	....	100	2,871	....	....
1936	18	900	785	38,339	....	....
1937	42	3,160	1,029	51,245	....	....
1938	8	428	748	43,267	....	....

Tariff until December 31, 1935:

Weighing 700 pounds or more each .. 3 cents per pound
Weighing less than 700 pounds each .. 2½ cents per pound

Tariff since January 1, 1936:

Weighing 700 pounds or more each .. 1½ cents per pound
Weighing less than 700 pounds each .. 2½ cents per pound

MONTREAL POST OFFICE—CHAUFFEURS AND GARAGE EMPLOYEES

Mr. DESLAURIERS:

1. Have certain chauffeurs or garage employees of the Post Office Department in Montreal, who performed substitute service for regular postal employees, outside of their regular working hours, been paid for such extra work by the employees for whom they substituted?
2. What are the names of the employees who engaged substitute chauffeurs or garage attendants to perform their work?

Mr. McLARTY:

1. No information.
2. There is no record that the conditions referred to exist.

ALFRED GAUTHIER

Mr. DESLAURIERS:

1. What is the present classification of Alfred Gauthier, employee of the Post Office Department in Montreal?
2. For how many years has he been in the employ of the department?
3. What have been his duties with the Post Office Department since he became an employee of the said department?
4. By whom was he recommended for the position he now occupies?
5. Has he been asked to file an application for mail superintendent?
6. If so, by whom?
7. Was Mr. Gauthier a candidate in the first competition for this position? If not, why?

8. Was he not a candidate in the second competition, and why?

9. Is he an owner or tenant in the city of Montreal, and what is his address?

Mr. McLARTY:

1. Superintendent of mails, Grade 12.

2. 32 years.

3. He has been a letter carrier, senior letter carrier, letter carrier overseer, senior postal clerk, clerk in charge of a postal station, senior clerk in the city delivery branch, principal postal clerk, head postal clerk, superintendent of mails, city delivery branch.

4. No specific recommendation. He was promoted to his present position by the civil service commission in May, 1928, as a result of a promotional competition.

5 and 6. No information. Competition was open to all permanent employees of the Montreal postal district.

7. No. The department has no information as to why Mr. Gauthier did not apply.

8. Yes. Mr. Gauthier is an applicant in the second competition.

9. He is a tenant in the city of Montreal. His address is 1608 Theodore street.

C. A. MARCOUX

Mr. DESLAURIERS:

What amount, if any, was claimed by the Post Office Department from Mr. C. A. Marcoux, civil servant at the Montreal post office, for gasoline and oil expenses and the use of the department's automobile in Montreal?

Mr. McLARTY: Nil.

J. D. OLIVIER

Mr. DESLAURIERS:

1. In what year was an investigation held by Mr. H. Fortier, chief inspector of the Post Office Department, in the case of J. D. Olivier, civil employee at the Montreal post office?

2. What was the salary of J. D. Olivier before such investigation?

3. What was his salary after the investigation?

4. Was there an inquiry made into the alleged losses suffered by the department?

5. Was restitution made?

6. Were other employees included in that investigation?

Mr. McLARTY:

1. 1929.

2. $2,520.

3. $1,740.

4 and 5. There is no record of any loss, actual or alleged.

6. The investigation concerned Olivier. A number of employees were examined.

[Mr. Deslauriers.]

MONTREAL BOTANICAL GARDENS—ST. HELEN'S ISLAND

Mr. DENIS:

1. What amounts, if any, have been contributed to date by the dominion government to works performed: (a) at the botanical gardens in Montreal; (b) at St. Helene island, Montreal district?

2. What portion of the total actual cost of such works represent such contributions?

Mr. ROGERS:

1. (a) Under the Unemployment Relief and Assistance Act, 1936, $135,404.38; Under the Unemployment and Agricultural Assistance Act, 1937, $337,500. (b) Under the Unemployment Relief and Assistance Act, 1936, $167,381.37; Under the Unemployment and Agricultural Assistance Act, 1937, $621,267.49.

Under the Unemployment Relief and Assistance Act, 1938, the agreement with Quebec provides:—". . . 'material aid' shall mean either food, fuel, clothing and shelter (or any of them) supplied to individuals in necessitous circumstances or, the costs of carrying on works and training projects specifically designated by the province as projects intended to provide said individuals when employed thereon (other than supervisory personnel) the equivalent of food, fuel, clothing and shelter (or any of them) which otherwise would have to be supplied to those individuals, provided in each case that a schedule setting forth a description of the project, the estimated total cost thereof and the specific costs to which the dominion will contribute has been approved in writing by the minister."

Pursuant to this provision of the agreement, the province has, with the approval of the Minister of Labour, included in claims rendered to the dominion for material aid total expenditures of $167,114.72 for the month of May and $196,829.13 for the month of June, which were incurred in respect to the St. Helen's island project.

2. The total cost of these projects, which it is understood are still under construction, is not a matter of record with the dominion.

PURSE SEINING

Mr. NEILL:

1. Is February 5 of each year the date on which purse seining for herring on the west coast of Vancouver island is closed, as fixed by regulations?

2. Was all purse seining for herring on the west coast of Vancouver island closed on January 19? If so, for what reason?

3. What was the total quota of herring allowed to be caught on the west coast by seining for the season 1938-39?

4. What proportion, giving tons and percentage, of the quota had been taken when the fishing was closed?

5. Had the quota been too large in recent years?

Mr. MICHAUD:

1. Yes, provided earlier closure consequent upon taking of prescribed catch quota not in effect.

2. Yes. In the interests of conservation.

3. 40,000 tons.

4. 15,084 tons; 37·7 per cent.

5. Not apparent. The regulations are designed to enable immediate closure of fishing in the interests of conservation should normal runs not materialize in any season.

PRINTING OF PRIME MINISTER'S SPEECHES

Mr. McGREGOR:

1. Did the King's Printer print and/or distribute copies of speeches delivered by the Prime Minister: (a) on July 19, 1937, on his return from his majesty's coronation, entitled "Crown and Commonwealth"; (b) on July 30, 1938, at the Canadian corps reunion in Toronto, entitled "The Struggle for Enduring Peace"?

2. If so, what was the cost of printing each of these speeches?

3. Were any copies of these speeches ordered from the King's Printer by: (a) the Prime Minister; (b) the National Liberal Federation; (c) Senator Norman Lambert, or any other official of the National Liberal Federation?

4. If so, how many copies were ordered, and how much was paid to the King's Printer or the Receiver-General for them?

5. Have any other speeches delivered by the Prime Minister or by any member of the government outside the House of Commons been printed by the King's Printer?

Mr. CARDIN:

1. (a) Yes. "Crown and Commonwealth," was a reprint of an address on the coronation, and the imperial conference, delivered over the national network of the Canadian Broadcasting Corporation, on July 18th, 1937; (b) Yes.

2. Cost of printing "Crown and Commonwealth", $228.81; cost of printing "The Struggle for Enduring Peace," $100.14.

3. (a) Yes, by the Secretary of State for External Affairs; (b) Yes; (c) No.

4. 22,760 copies cost $328.95, as follows: "Crown and Commonwealth," 1,000 English, $52.38; External Affairs, 500 French, $59.71. Total, $112.09.

Public Printing and Stationery, 150 copies, $1.72; National Liberal Federation (reprints), 10,000 copies, $115. Total, $228.81.

"The Struggle for Enduring Peace"—External Affairs, 1,000 copies and envelopes, $29.52; Public Printing and Stationery, 110 copies, 62 cents; National Liberal Federation (reprints), 10,000 copies, $70. Total, $100.14.

Grand total, $328.95.

5. The following addresses delivered by the Prime Minister and Secretary of State for External Affairs outside the House of Commons other than those above mentioned were printed by the King's Printer:

On the occasion of the unveiling of the memorial at Vimy, July 26th, 1936, and on the occasion of the visit of President Roosevelt to Quebec, July 31st, 1936;

At the 17th session of the assembly of the League of Nations, Geneva, September 29th, 1936; being a statement of League of Nations policies;

On the occasion of the Canadian Legion Remembrance Day Broadcast, November 11th, 1936;

On the occasion of the visit to Canada of the Honourable Cordell Hull, Secretary of State of the United States, October 22nd, 1937;

At the dedication of The Thousand Islands International bridge at Ivy Lea, Ontario, and Collins Landing, N.Y., at the time of the visit to Canada of the President of the United States, on August 18th, 1938;

On the occasion of the Canadian Legion Remembrance Day broadcast, November 11th, 1938.

OTTAWA POST OFFICE BUILDING

Mr. BAKER:

1. What was the original cost of constructing the old post office building in the city of Ottawa?

2. Were any extensive repairs and/or alterations made in the building?

3. If so, what was the cost of such repairs and/or alterations?

4. What was the cost of dismantling this building?

Mr. CARDIN:

1. Original post office building at Ottawa was completed in 1876 at a cost of $242,856.73.

2. Yes.

3. $341,897.99.

4. $3,547.

Note: Query No. 3. The above figure includes the following: (a) Extensive alterations for customs purposes, years 1902-03, $47,474.67; (b) Restoration after fire including additional storey, $196,534.31; (c) All other repairs and alterations since erection of building in 1876, $97,889.01—Total, $341,897.99.

Mr. BAKER:

1. What is the contract price, including architect's fees, for the erection of the new post office building in the city of Ottawa?

2. What was the cost of purchasing the site upon which the new post office building is being erected?

Mr. CARDIN:

1. $632,520.

2. Purchase price, $380,000.

FIXATION OF ARBITRARY VALUATIONS FOR DUTY PURPOSES

Mr. SPENCE:

1. Has the Minister of National Revenue, since October, 1935, fixed arbitrary valuations for duty under the provisions of section 43 of the Customs Act, in respect of any commodities other than natural products?

2. If so, on what dates were such valuations fixed?

3. In respect of what commodities?

4. Has any order in council been passed since October, 1935, authorizing the Minister of National Revenue to fix arbitrary valuations for duty, under the provisions of section 43 of the Customs Act, in respect of any commodities other than natural products?

Mr. ILSLEY:

1. Yes.

2, 3 and 4. January 29, 1937, Coronation souvenirs—P.C. 32/129, January 21, 1937; January 31, 1938, Rubber footwear (modification of previously established valuation); December 19, 1938, Souvenirs of royal visit —P.C. 2975, December 2, 1938; January 16, 1939, Bedspreads and counterpanes of artificial silk and cotton—P.C. 42, January 11, 1939; January 16, 1939, Towels and accessories and woven fabric of terry cloth—P.C. 43, January 11, 1939.

"WHAT DID PARLIAMENT DO"—DEPARTMENT OF LABOUR MEMORANDUM

Mr. CLARKE (Rosedale):

1. Was a mimeographed memorandum entitled "What did Parliament Do," distributed by the Minister of Labour during the month of July, 1938?

2. If so, how many copies were mimeographed and to whom were these copies distributed?

3. By whom was the memorandum prepared?

4. What was the cost of preparing, mimeographing and mailing copies of this memorandum?

5. For what purposes was the memorandum prepared?

Mr. ROGERS:

1. Yes.

2. 400 copies were mimeographed; copies were distributed to members of parliament, a limited number to newspapers and the remaining copies retained for use in the minister's office to meet individual requests.

3. The memorandum was prepared by officers in the department.

4. The cost is somewhat difficult to compute accurately but the following is an approximation of the cost:—Preparing: Since a number of officers of the department cooperated in the preparation of this memorandum it is not possible to estimate the cost; Mimeographing and paper, etc., $21.62; Mailing:—.

5. The purpose of this memorandum was to supply information particularly with reference to steps being taken to alleviate unemployment. The department is constantly in receipt of requests from members of parliament and others for information as to what is being done by the government in this direction and it was considered advisable to prepare a comprehensive statement in convenient form of the accomplishments of the last session and to distribute same to the members of parliament, and also to have this information available to meet the many inquiries received and thus obviate the necessity of preparing lengthy replies to individual correspondents.

NATIONAL WAR MEMORIAL

Mr. BARBER:

1. What was the cost of the national war memorial erected in the city of Ottawa?

2. What was the cost of erecting the memorial, including foundations?

3. What is the estimated cost of the terrace around the memorial, now in course of construction?

4. What was the cost of widening Connaught Place?

5. What is the estimated cost of re-routing Sparks, Elgin and Queen streets in the city of Ottawa and of other works of similar nature, made necessary by the erection of the national war memorial?

Mr. CARDIN:

1 and 2. Cost of bronze work erected, $160,000; cost of granite, stonework and concrete foundation, $124,573.25; total, $284,573.25.

3. $215,000, which includes work not engaged for, estimated at $26,300.

4 and 5. $390,000, which includes work not engaged for, estimated at $41,243.

GATINEAU VALLEY NATIONAL PARKWAY

Mr. WERMENLINGER:

1. Has the government or the federal district commission purchased any land in the Gatineau valley for the creation of a national park and/or national parkway or driveway system?

2. If so, when?

3. What amount of land has been purchased for these purposes?

4. At what cost?

Mr. DUNNING:

1. Yes.

2. July to December, 1938.

3. 2947·5 acres purchased and 1,800 acres expropriated.

4. The cost will not be known until compensation has been adjudged under the provisions of the Expropriation Act.

ISLAND POINT–LITTLE BRAS-D'OR BRIDGE MAIL CONTRACT

Mr. BROOKS:

1. Was a contract for the conveyance of mails between Island Point post office and Little Bras d'Or bridge post office awarded in January, 1937, to W. J. Jessome?

2. If so, on what date?

3. For what amount?

4. Have any changes since been made in this contract?

5. If so, when?

6. For what reasons?

7. At the present time, who holds the contract for the conveyance of mails between those two points?

8. What amount was paid to W. J. Jessome in respect of his contract?

9. Was this payment made by cheque?

10. If not, by what means was it made?

Mr. McLARTY:

1. Instructions were issued December 28, 1936, awarding contract to W. J. Jessome.

2. See answer to No. 1.

3. $1,090 per annum.

4, 5 and 6. Action suspended on instructions awarding contract to W. J. Jesome on January 5, 1937, following representations that there was a suspicion of collusion in the tendering.

7. Malcolm Ferguson.

8. $50—in full settlement of any claim he might have against the Post Office Department on account of any financial loss following the summary cancellation of his contract.

9. Yes.

10. See answer to No. 9.

CANADA–UNITED STATES TRADE—MARKET GARDEN PRODUCTS

Mr. CLEAVER:

1. (a) What was the approximate value of market garden products exported to the United States during the twelve months ending December 31, 1934, and during the twelve months ending December 31, 1935; (b) what was the value of market garden products imported into Canada from the United States during the same respective periods; (c) what proportion of this amount was imported into Ontario during each of the said periods?

2. How much raspberry pulp was imported into Canada for the twelve months ending December 31, 1934, and for the twelve months ending December 31, 1935?

3. (a) What was the approximate value of fresh fruit exported to the United States from Canada during the twelve months ending December 31, 1934, and during the twelve months ending December 31, 1935; (b) what was the value of fresh fruit imported from the United States to Canada, exclusive of oranges, grapefruit, bananas, lemons and limes, during the same respective periods?

4. What was the value of asparagus, both fresh and canned, imported into Canada from the United States during the calendar year 1934, and during the calendar year 1935?

Mr. EULER:

1. (a) 1934—Fresh fruits, $268,357; fresh vegetables, $1,593,754. 1935—Fresh fruits, $222,-484; fresh vegetables, $740,541. (b) 1934—Fresh fruits (except bananas, citrus fruits and pineapples), $2,466,991; fresh vegetables, $2,732,382. 1935—Fresh fruits (except bananas, citrus fruits and pineapples), $2,556,521; fresh vegetables, $3,011,084. (c) Information not available for the periods in question.

2. Not separately recorded.

3. (a) 1934, $268,357; 1935, $222,484. (b) 1934, $2,630,148; 1935, $2,725,149.

4. Fresh, 1934, $86,558; 1935, $68,124. Canned, 1934, $23,511; 1935, $27,765.

CANADA'S DEBT TO UNITED KINGDOM

Mr. GAUTHIER:

1. What is the amount of the debt, in Canadian currency, of the government of Canada to the British government?

2. What is the amount of the debt, in Canadian currency, of the British government to the government of Canada?

3. What sums of money were loaned by the British government to the government of Canada from 1914 to 1918?

4. What amounts were loaned by the Canadian government to the British government from 1914 to 1918?

5. Has the British government made any refunds, in currency, to the Canadian government since 1918? If so, upon what dates, and what were the amounts so refunded?

6. Has the Canadian government made any refunds, in currency, to the British government since 1918? If so, upon what dates, and what were the amounts so refunded?

7. Have any British companies loaned moneys to the government of Canada since 1914? If so, what are the dates and amounts of each loan, and the names of the companies?

Mr. DUNNING:

1 and 2. Nil.

3, 4, 5 and 6. During and after the Great War, the government of the United Kingdom expended certain amounts in the United Kingdom on behalf of the government of Canada for overseas war expenditure and for ordinary purposes and the government of Canada expended certain amounts in Canada on behalf of the government of the United Kingdom to provide for various purchases by the latter. These accounts were offset against

each other and the amount owing the dominion was paid off in cash or bonds of the dominion. The accounts were closed out in the fiscal year ended March 31, 1924.

7. The government of Canada has issued in London a number of loans since 1914. These issues were underwritten in London and no record is kept of the various subscribers.

MONTREAL POSTAL EMPLOYEES' STRIKE, 1924

Mr. DESLAURIERS:

What were the amounts of the claims of every kind made upon the government, as the result of the strike of postal employees in Montreal, in 1924?

Mr. McLARTY: Nil in as far as the Post Office Department is concerned.

A. F. MENARD

Mr. DESLAURIERS:

1. Did Mr. A. F. Menard, a postal employee in Montreal, promote sweepstakes, with the approval of his superior officers in Ottawa?

2. Is it true that these superior officers promised Mr. Menard a position in the postal service?

3. What are the names of such superior officers?

Mr. McLARTY:

1. No knowledge Mr. Menard was promoting sweepstakes. He was the employee in Montreal dealing with sweepstake matter found in the mails.

2. No.

3. Answered by No. 2.

CANADIAN FARM LOAN BOARD

Mr. FLEMING:

1. How many loans were applied for under the Canadian farm loan board in the electoral district of Humboldt in the year 1938?

2. How many loans were granted?

3. How many loans were made in the electoral district of Humboldt under the home improvement plan?

Mr. DUNNING:

The answers to questions Nos. 1 and 2 are submitted by the Canadian farm loan board:

1 and 2. The records of the Canadian farm loan board are not kept by constituencies and the information asked for is not now available.

3. Thirty-four loans for $11,245.50.

Mr. MARSHALL:

1. What firm of chartered accountants audits the accounts of the Canadian farm loan board?

2. When was said firm first appointed to do this work, and what fees are paid?

3. Why are these accounts not audited by the Auditor General?

4. Why is there not a properly certified copy of the financial statement included in the report of the farm loan commissioner for the year ending March 31, 1938?

5. What department of government supervises the operations of this board?

[Mr. Dunning.]

Mr. DUNNING:

1. Messrs. Peat, Marwick, Mitchell & Company, Montreal, P.Q.

2. Appointed by P.C. 955 of 1929. Fees paid are based on volume of work involved in annual audit.

3. Provision is made in Canadian Farm Loan Act for annual audit of accounts of Canadian farm loan board by firm of chartered accountants appointed by the governor in council.

4. The auditors' complete report on examination of the board's accounts for year ended March 31, 1938, has been tabled in parliament. The commissioner's report also contains copies of profit and loss statement and balance sheet for said year.

5. The board is a corporate body charged with the administration of the Canadian Farm Loan Act, and reports to parliament through the Minister of Finance.

CAMPBELLTON, N.B., ROCK CRUSHING PROJECT

Mr. BROOKS:

1. How many inspectors, foremen and other workmen are engaged in connection with the work now going on as a relief project at Campbellton, New Brunswick?

2. What are the names of each, and their remuneration per hour?

3. Is there any record being kept of the cost per yard of this fill?

4. What amount of money has been spent to date?

Mr. ROGERS:

1, 2 and 3. Pursuant to the provisions of the Dominion-New Brunswick Agreement of September 14, 1938, approval has been given to a dominion contribution of one-half of 75 per cent of the labour cost of a rock crushing project in the town of Campbellton, the estimated total cost to the two governments being $5,000, and the maximum dominion contribution $2,500. Under the terms of the agreement the province is responsible for the detailed administration of the projects approved and the information called for is not a matter of record with the dominion. The provincial authorities have been requested to supply information as to the names and remuneration per hour of inspectors, foremen, and other workmen engaged in connection with the project, and also as to whether any record is being kept of the cost per yard of the undertaking, which will be furnished upon receipt.

4. The dominion has paid to the province in respect to accounts received for the Campbellton project $1,065.

SHAUGHNESSY MILITARY HOSPITAL

Mr. REID:

1. What is the total bed capacity in the Shaughnessy military hospital?

2. What were the total number of patients admitted during the fiscal year 1938?

3. Of the numbers receiving hospital treatment during the fiscal year 1938, what numbers were: (a) members of the Canadian expeditionary force, and (b) ex-imperial?

Mr. POWER:

1. Normal.. 197

	Treatment	Veterans' care	Total
2. Strength at 31-3-37	92	35	127
Admissions.	1,237	52	
Board and quarters	197		1,486
Total..	1,526	87	1,613

3. C.E.F..	1,272
Ex-Imperials.. ..	55
Other allies.	2
Total..	1,329

CUSTOMS OFFICIALS—ST. LAWRENCE RIVER, ONTARIO PORTS

Mr. CASSELMAN:

How many customs officials were on duty at the ports of Cornwall, Morrisburg, Prescott, Brockville, Gananoque and Kingston, respectively, during each of the calendar years 1936, 1937 and 1938?

Mr. ILSLEY:

	Calendar year 1936	Calendar year 1937	Calendar year 1938
Cornwall	9	10	11
Morrisburg	4	5	5
Prescott..	15	15	14
Brockville	10	11	11
Gananoque.. ..	3	4	4
Kingston	13	13	13

ST. LAWRENCE RIVER PORTS

Mr. CASSELMAN:

How many passengers entered and left the country respectively, through the ports of Cornwall, Morrisburg, Prescott, Brockville, Gananoque and Kingston, during each of the calendar years 1936, 1937 and 1938?

Mr. CRERAR:

Total passengers who entered Canada at the undermentioned ports for the calendar years 1936, 1937 and 1938:

	1936	1937	1938
Cornwall..	134,411	157,396	145,447
Morrisburg..	43,746	46,478	41,562
Prescott..	258,116	277,519	260,115
Brockville..	80,375	92,841	73,966
Gananoque..	53,822	62,969	45,929
Kingston..	41,716	45,533	48,138

Figures of passengers leaving Canada not available.

VALUES OF EXPORTS AND IMPORTS

Mr. CASSELMAN:

What were the value of exports and imports passing through the ports of Cornwall, Morrisburg, Prescott, Brockville, Gananoque and Kingston, respectively, during each of the calendar years 1936, 1937 and 1938?

Mr. EULER:

	Calendar years 1936	1937	1938
Cornwall—			
Imports	$2,362,401	$3,457,970	$2,935,968
Exports	1,154,851	1,121,108	588,427
Morrisburg—			
Imports	277,294	336,512	317,892
Exports	60,828	73,027	66,550
Prescott—			
Imports	991,537	1,323,019	2,269,078
Exports	4,241,546	5,473,246	2,940,895
Brockville—			
Imports	852,102	966,334	768,825
Exports	125,295	149,515	144,031
Gananoque—			
Imports	199,947	247,746	241,719
Exports	28,368	14,914	8,851
Kingston—			
Imports	1,045,252	1,568,624	1,235,289
Exports	331,618	138,068	21,539

FARMERS' CREDITORS ARRANGEMENT ACT—RETURNED SOLDIERS' CONTRACTS

Mr. MARSHALL:

1. How many contracts held by returned soldiers in Alberta under the soldier settlement board were reviewed by the farmers' creditors arrangement board in the year 1938?

2. How many of these applications were settled by the soldiers settlement board without being adjudged by the farmers' creditors arrangement board?

3. What was the average percentage of reductions made in these contracts?

4. If a person is adjudged a bankrupt when he places his affairs in the hands of the farmers' creditors arrangement board, why were returned soldiers compelled to take this procedure instead of setting up a special tribunal to hear these cases, such tribunal to work independently of the soldier settlement board?

Mr. CRERAR:

1. 162.
2. None.
3. 44·2 per cent.
4. Returned soldier applicants are not adjudged bankrupt on placing their affairs in the hands of the farmers' creditors arrangement administration. No statutory authority exists for the setting up of special tribunals to deal with such applications other than the boards provided for under the Farmers' Creditors Arrangement Act. These boards act independently of the soldier settlement board.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NIAGARA CAMP GROUNDS

Mr. LOCKHART:

1. How many men were employed during 1938 at Niagara camp grounds, on construction and maintenance of camp buildings?
2. What are the names of those employed?
3. What hourly rate of wages was paid?
4. What was the total earnings, during 1938, of each man employed?
5. Were returned soldiers given the preference?
6. How many of such men were returned soldiers?
7. Were all men so employed Canadian citizens, by birth or naturalization?
8. Upon whose recommendation were these men employed?

Mr. ROGERS: Return tabled.

TARIFF BOARD—REFERENCES RESPECTING AUTOMOTIVE INDUSTRY, ETC. INTO HIGH COST OF HOUSEHOLD ESSENTIALS IN CANADA

Mr. CHURCH:

1. On what date was a reference made to the Tariff Commission to inquire into the high cost of motor cars, motor trucks, radios, refrigerators, and other household essentials in Canada?
2. What was the text of these references?
3. What has been done in the matter by the tariff commission, and will their report or reports be laid on the table of the house?
4. Have any reasons been given by the commission for the delays in conducting these inquiries, and in making their report?

Mr. DUNNING: Return tabled.

QUEBEC UNEMPLOYMENT RELIEF STATISTICS

Mr. LALONDE:

1. What is the monthly allowance paid by the dominion government to the provincial government of Quebec for unemployment relief since January 1, 1938?
2. Has the provincial government of Quebec been authorized to apply such moneys or parts of such moneys to unemployment relief works?
3. If so, where, on what works, and at what cost were they executed?

Mr. ROGERS: Return tabled.

[Mr. Marshall.]

MINISTERS OF THE CROWN—VISITS ABROAD ON PUBLIC BUSINESS

Mr. SENN:

1. How many ministers of the crown have visited foreign countries on public business since October, 1935?
2. What countries were visited by each of the ministers?
3. What was the purpose of each visit?
4. What was the duration of each visit?
5. What ministers were accompanied by a secretary and/or other staff on these visits?

CIVIL SERVICE EMPLOYEES

Mr. TUSTIN:

1. How many persons were employed in the civil service of Ottawa on October 15, 1935?
2. How many persons were employed in the civil service in the city of Ottawa on January 1, 1939?
3. How many persons were there employed in the civil service in Canada on October 15, 1935?
4. How many persons were there employed in the civil service in Canada on January 1, 1939?

COAL SUBVENTIONS

Mr. HANSELL:

1. What was the total amount paid out during 1938 by way of coal subventions?
2. How much of this amount was paid by reason of movements of coal from: (a) Nova Scotia; (b) Alberta; (c) other provinces?
3. What persons or companies, together with the amounts, received payments by reason of movements of coal from: (a) Nova Scotia; (b) Alberta; (c) other provinces?
4. What was the total tonnage and value of coal imports from: (a) United States of America; (b) Great Britain; (c) Russia; (d) other countries?
5. What was the total tonnage and value of coal exports to: (a) United States of America; (b) Great Britain; (c) other countries?

ST. LAWRENCE RIVER PORTS—IMMIGRATION OFFICIALS

Mr. CASSELMAN:

How many immigration officials were on duty at the ports of Cornwall, Morrisburg, Prescott, Brockville, Gananoque and Kingston, respectively, during each of the calendar years 1936, 1937, and 1938?

Mr. CRERAR: Return tabled.

TENDERS FOR TARGET FRAMES

Mr. LOCKHART:

1. What are the names of those who submitted tenders for the delivery of sixty-eight target frames to Mount Bruno, Quebec, and Niagara on the Lake, Ontario, and other points?
2. What were the amounts of the respective tenders?
3. To whom were the contracts awarded and at what prices?

Mr. MACKENZIE (Vancouver): Return tabled.

SEASONAL EMPLOYEES AT CHURCHILL

Mr. PERLEY:

1. What was the number of seasonal employees employed at the port of Churchill during the season of 1938?
2. What were their names and home addresses?

Mr. HOWE: Return tabled.

CANCER RESEARCH, CURES AND DEATHS

Mr. GRAYDON:

1. What amounts were expended by the government during the last calendar year upon cancer research work?
2. What form did such research work take?
3. Have any of the provincial governments undertaken to investigate alleged cancer cures? If so, what governments?
4. Has this government undertaken to co-operate financially and otherwise with the said provinces in the said work?
5. If so, what form will such cooperation take?
6. How many people in Canada died from cancer in each of the years from 1918 to 1938?
7. What percentage of the total deaths occurring in each of said years were attributable to the said disease?

Mr. POWER: Return tabled.

TRANS-CANADA AIRPORTS

Mr. ISNOR:

1. How many airports are owned by the Trans-Canada Airways: (a) what are their names, and where are they located; (b) what are the amounts invested and expended to date on each; (c) are the said airports completed; if not, what is the estimate of further proposed expenditures in each case?
2. How many airports are partially owned by the Trans-Canada Airways: (a) what are their names, and where are they located; (b) what amounts have been invested and expended to date on each; (c) are the said airports completed; if not, what is the estimate of further proposed expenditures in each case?
3. What are the names of other airports assisted; where are they located; what amount has been expended to date and what are the further proposed expenditures in each case?
4. What are the names of all other airports or emergency landing fields proposed to be constructed this year, and where are they located?
5. What has been the total amount invested in airports, sites, preparations and equipment to December 31, 1938?

Mr. HOWE: Return tabled.

LOAN TO GOVERNMENT OF GREECE

Mr. MARSHALL:

1. In what year did the Canadian government make an advance to the Greek government?
2. What were the circumstances which led up to the loan?
3. What was the amount of the loan, and rate of interest?
4. Have the interest payments been made on due date each year?
5. What amounts were paid on loan, from year to year, since advance was made?
6. What amount is still due and outstanding?

Mr. DUNNING: Return tabled.

DOMINION, PROVINCIAL AND MUNICIPAL REVENUES

Mr. HYNDMAN:

1. What was the total revenue of the dominion from taxation, for each of the past three years?
2. What was the total revenue of each province from taxation, for each of the said years?
3. What was the total revenue, in each province, from municipal taxation, for each of the same years?

Mr. DUNNING: Return tabled.

DEFENCE COUNCIL

Mr. MacNEIL:

1. Who are the present members of the defence council, Department of National Defence, and what are their official positions?
2. What are the responsibilities and powers of the defence council with respect to: (a) coordination of all branches; (b) recommendations to the minister and the governor in council on questions of policy and administration; (c) direct communication with the British war office or admiralty; (d) direct communication with military or naval departments in other countries?
3. How many meetings of the defence council were held in: (a) 1937; (b) 1938?
4. To what extent are important contracts and decisions as to sources of supply for arms, munitions, military and naval equipment reviewed by the defence council?

Mr. MACKENZIE (Vancouver): Return tabled.

NATIONAL REGISTER

Mr. CHURCH:

1. Have any steps been taken by the government to secure a national register for Canada for defence or economic or industrial or labour purposes?
2. If so, what are they?
3. Will a census or modern doomsday book, or national register be ordered or compiled of: (a) industrial power; (b) economic power; (c) food power; (d) man power; (e) military and defence power, and (f) unemployed?

EMPLOYMENT OF LAWYERS, HAMILTON AND WENTWORTH COUNTY

Mr. LENNARD:

1. What lawyers of the city of Hamilton or the county of Wentworth were engaged by the government during the year 1938?
2. For what specific purpose was each engaged?

3. What respective amounts were paid by way of fees, emoluments or expenses to each of these lawyers so engaged?
4. What amounts, if any, are still outstanding?

PUBLIC WHARVES AND PIERS

Mr. MacNEIL:

1. How many wharves and piers are under the control of the Department of Transport, as provided for in the Harbours and Piers Act: (a) in Canada; (b) in British Columbia?
2. Are there any completed wharves and piers under the control of the Department of Public Works? If so, how many in: (a) Canada; (b) British Columbia?
3. What is the number of wharves and piers in respect of which wharfingers are now appointed: (a) in Canada; (b) in British Columbia?
4. What was the revenue secured during the fiscal year 1937-38 in the collection of tolls and dues on such wharves and piers for: (a) top-wharfage; (b) side-wharfage?
5. What was the total amount retained as commission by wharfingers during the fiscal year 1937-38 in the collection of tolls and dues for: (a) top-wharfage; (b) side-wharfage?
6. What is the number of wharves and piers in British Columbia with regard to which tolls and dues for side-wharfage are now collected?

RELIEF AND UNEMPLOYMENT STATISTICS

Mr. REID:

1. Of the total numbers registered on relief throughout Canada, what is the number of those: (a) 50 years or over; (b) between 20 and 30 years?
2. What are the total numbers of those registered under the various single unemployment schemes: (a) throughout Canada; (b) in each province?

CANADA-UNITED STATES TREATY—TRADE WITH FAVOURED NATION COUNTRIES

Mr. MAYBANK:

1. How many countries will obtain the same tariff reductions as the United States obtains by reason of the recently negotiated Canada-United States treaty?
2. What are such countries?
3. What was the amount of Canada's trade with each of such countries in each of the last five years: (a) exports; (b) imports?
4. What percentage of the import trade of each of said countries will be affected by Canadian concessions in the said Canada-United States treaty and favoured nation clauses in other treaties; such percentage to be reckoned on the average import of the last five years?

MERCHANT MARINE TONNAGE AND SEAMEN

Mr. TREMBLAY:

1. What is the total tonnage of merchant marine registered in Canada?
2. What is the tonnage of merchant ships plying in: (a) the high seas; (b) coastal waters, and (c) engaged in fishing, registered in Canada?
3. How many seamen are there in Canada?

Mr. MACKENZIE (Vancouver): Return tabled.

[Mr. Lennard.]

MUNICIPAL IMPROVEMENTS ASSISTANCE ACT

Mr. CHURCH:

What loans, listed by provinces, have been made to municipalities in Canada by the government towards the cost of self-liquidating municipal works and projects under R.S.C. 1938, chapter 33, "An Act to assist Municipalities in making self-liquidating improvements"?

Mr. DUNNING: Return tabled.

MILITARY DELEGATION TO THE CORONATION

Mr. FAIR:

1. How many officers and men whose expenses were provided for under vote number 249, 1937-38 estimates, attended the coronation of his majesty the king?
2. What are the names, addresses and ranks of the officers who attended?
3. What amount was paid to or for each officer as salary, expenses or otherwise?
4. What amount was actually spent under this vote?

Mr. MACKENZIE (Vancouver): Return tabled.

MOTIONS FOR PAPERS

BURLINGTON CHANNEL—REPAIRS AND MAINTENANCE OF SOUTH PIER

Mr. LENNARD:

For a copy of all papers, letters, telegrams, specifications and other documents in the possession of the government with respect to repairs to and maintenance of south pier, Burlington channel, during the year 1938.

HAMILTON BAY DREDGING

Mr. LENNARD:

For a copy of all papers, letters, telegrams, contracts and other documents in connection with dredging in Hamilton bay during the year 1938.

SASKATCHEWAN COMMUNITY PASTURES

Mr. PERLEY:

For a return showing the number of community pastures established in the province of Saskatchewan, the extent of each, the number of miles of fencing in each and the name of the contractors to whom the contract was given for the construction of fences.

SASKATCHEWAN RIVER—DAM NEAR SASKATOON—DIVERSION OF WATER

Mr. PERLEY:

For a copy of all letters, telegrams, engineers' and inspectors' reports and other documents, as well as a statement showing the estimated cost of the dam and the number of farmers who will be assisted thereby, in connection with the building of a dam on the Saskatchewan river at or near Saskatoon.

Mr. PERLEY:

For a copy of all letters, telegrams, tenders, engineers' and inspectors' reports and other

documents, with reference to the diversion of water from the Saskatchewan river to Caron, Saskatchewan, along with a copy of any contract entered into by any department of the federal government and the province of Saskatchewan, the city of Moose Jaw or any person, firm or corporation with reference to said project.

CANADIAN WHEAT BOARD—WHEAT PURCHASES, HOLDINGS AND STORAGE PAID

Mr. PERLEY:

For a return showing,—(a) the amount of wheat acquired by the Canadian wheat board during the months of August, September, October, November and December, 1938; (b) the amount of wheat disposed of by the board during the same period; (c) the amount of wheat held by the board in terminal elevators at Fort William, Port Arthur and eastern terminals, as well as in interior terminals, mills, and elevators, private and public; (d) the rate of storage paid on grain held by the board in such storage.

Mr. POWER: Return tabled.

ROBERT'S CREEK, B.C., WHARFINGER

Mr. MacNEIL:

For a copy of all papers, letters, telegrams, memoranda and other documents in the possession of the government with respect to the appointment of a wharfinger at Robert's Creek, British Columbia, during the year 1938.

Mr. POWER: Return tabled.

WEST KOOTENAY DISTRICT, B.C., WHARFINGERS

Mr. ESLING:

For a copy of all telegrams, letters, reports and other documents received by the Department of Transport from district officials, or others, during the past two years, concerning the appointment of wharfingers in the federal district of West Kootenay, British Columbia.

Mr. POWER: Return tabled.

DOMINION STEEL AND COAL COMPANY—SUBSIDIES

Mr. PELLETIER:

For a return showing the amount of subsidies paid to the Dominion Steel and Coal Company of Montreal, or its subsidiaries, each year, for the past ten years.

LINCOLN COUNTY, ONT., RIFLE RANGES

Mr. LOCKHART:

For a copy of all correspondence, telegrams, recommendations, reports and other documents in the possession of the government, dated during the years 1937 and 1938, with respect to the purchase of a site and the establishment of the new rifle ranges in Lincoln county, Ontario.

SHOE IMPORTS FROM UNITED STATES

Mr. HOMUTH:

For a copy of all correspondence, telegrams and other documents, dated August 15, 1938, to date, relative to the request of the boot and shoe workers' unions of South Waterloo with respect to the importation of shoes from the United States.

MONTREAL POST OFFICE

Mr. DESLAURIERS:

For a copy of all correspondence, letters, telegrams and other documents in the possession of the Post Office Department in Montreal with respect to the investigation into the case of J. D. Olivier, held by Mr. H. Fortier, chief inspector of the Department, together with a copy of all papers, memoranda and other documents in the possession of Mr. H. Fortier, concerning the said investigation.

Mr. DESLAURIERS:

For a copy of all correspondence, letters, telegrams, plans and other documents concerning the plan of reorganization of the employees at the Montreal post office, from 1937 to date.

NATIONAL EMPLOYMENT COMMISSION—ROWELL COMMISSION

Mr. ROWE (Dufferin-Simcoe):

For a copy of any letters, memoranda or other documents addressed by the Minister of Labour to the chairman of the national employment commission, or any member thereof, which contain the request of the Minister of Labour that the said commission should give consideration to the fact that the Rowell commission on dominion-provincial relations is investigating certain questions which have also come within the purview of the national employment commission, as indicated in the second paragraph of Mr. A. B. Purvis' letter to the Minister of Labour, dated January 26, 1938, appearing on page 2 of the final report of the national employment commission.

GRAND BEND HARBOUR, ONT., PUBLIC WORKS

Mr. HOMUTH:

For a return showing the total cost of public works undertaken at Grand Bend harbour during the years 1937 and 1938; the names of persons employed on such works and the total amount of wages or allowances paid to each of such persons.

VICTORIA BRIDGE, NORTHUMBERLAND COUNTY, N.B., WHARF

Mr. BROOKS:

For a copy of all correspondence and pay rolls in connection with the new wharf at Victoria bridge, Black river, Northumberland county, New Brunswick.

CONTROL OF PUBLIC EXPENDITURE

Mr. POULIOT:

For a copy of memorandum prepared at the request of the then leader of the opposition and under the instructions of the then prime minister, showing by comparison the old system of control of the treasury and the new, and what the differences between the two may be, and referred to at page 1715 of revised *Hansard* of March 22, 1934.

APOHAQUI, N.B., POST OFFICE

Mr. BROOKS:

For a copy of all correspondence, letters, telegrams and petitions in connection with the appointment of postmaster at Apohaqui post office, New Brunswick, since the death of the former postmaster, the late Mr. George Secord.

DOMINION STEEL AND COAL COMPANY—SUBSIDIES ON COAL SHIPMENTS

Mr. PELLETIER:

For a copy of all correspondence, papers, telegrams and other documents exchanged between the government and the Dominion Steel and Coal Company of Montreal, during the past five years, concerning the granting of subsidies on coal shipped out of Nova Scotia.

Mr. CRERAR: I have had some inquiry made into the matter of answering this question. I find that there would be literally thousands of documents to be copied. With the existing staff it would take a very long time to do this work, and if additional staff were put on it would still take a considerable time. I suggest to the hon. member that he might drop the motion and take the matter up with the secretary of the fuel board, who might be able to give him the information he wishes to secure.

Mr. PELLETIER:

For a copy of all documents gathered during the course of investigating the financial set-up of the Dominion Steel and Coal Company, or its subsidiaries, before the payment of subsidies on coal.

Mr. CRERAR: There is difficulty in understanding just what the hon. member refers to. There has been no investigation into the financial set-up of the Dominion Steel and Coal Company. In connection with arriving at the subventions which should be paid, the fuel board has obtained certain information of a confidential nature, which I should not feel at liberty to bring down. I might suggest to the hon. member that if he would see me some day about this, perhaps I could satisfy him.

Mr. PELLETIER: I gather from the minister's answer that there has been no investigation of the financial set-up of the company.

CANADA-UNITED STATES-GREAT BRITAIN TRADE TREATIES

Mr. ROSS (St. Paul's):

For a copy of all correspondence, papers, letters and telegrams exchanged during the years 1937 and 1938 between the honourable the Minister of Finance or his department, or any officer thereof, and all industries or commercial companies or organizations or labour organizations, in respect to requests for hearings in connection with the trade treaties between Canada, the United States of America and Great Britain.

[Mr. Pouliot.]

Mr. DUNNING: I ask that this motion be allowed to stand. I spoke to the hon. member about it. It would mean the copying of about five thousand documents.

Mr. SPEAKER: Stands.

On motion of Mr. Mackenzie King the house adjourned at 6.25 p.m.

Monday, February 6, 1939

The house met at three o'clock.

PRIVILEGE—MR. LACROIX

Mr. WILFRID LACROIX (Quebec-Montmorency): Mr. Speaker, I rise to a question of privilege. In connection with a petition which I presented to the House of Commons, protesting against immigration, the Toronto *Globe and Mail* of February 1, 1939, in an article headed "Muddying Welcome on Canada's Mat," used the following expressions with regard to my race and myself:

> The experience of the Canadian Indians has been exceptional. Mr. Wilfrid Lacroix of Quebec-Montmorency should try to remember that fact, suppress his ancestral consciousness of guilt and approach the problems of to-day and Canada's part in their solution, not as a robber bent on holding his spoils from other robbers, but as a civilized man charged with a civilized man's duty to civilization. . . .

Allow me, Mr. Speaker, to remind the publisher of the *Globe and Mail* that he is totally ignorant of Canada's history, for, had he opened its finest pages, he would have noted the obscure heroism of our early evangelists and missionaries, such as the Reverend Jesuit Fathers and others who, by dint of persuasion and unparalleled personal sacrifices and aided by brave colonists whom I am proud to own as my ancestors opened this vast continent to Christianity and civilization.

Long before the ancestors of the publisher of the *Globe and Mail* landed in this country, my forefathers had by their gigantic labours already made it a nation. And if he will accompany me to the old cemeteries of Quebec province he will find inscribed there names of which Canadian history is proud.

The publisher of the *Globe and Mail* having dared to compare the members of my race to robbers, I am compelled to remind him that those who made the most brilliant contribution to our confederation, which permits us to sit here to-day, are Canadians of French origin.

May I also remind the publisher of the *Globe and Mail* that those who defended with the greatest tenacity against the Americans at the battle of Quebec, the last parcel of British territory left on this north American continent, were French Canadians, many of his ancestors having fled the city.

Allow me to tell him also that by writing such nonsense the *Globe and Mail* is not working for unity in this country and that if his paper has any honour it will retract its words.

STANDING COMMITTEES

RAILWAYS, CANALS AND TELEGRAPH LINES—CHANGE IN PERSONNEL

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the name of Mr. Lacroix (Quebec-Montmorency) be substituted for that of Mr. Girouard on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

BREN MACHINE GUN CONTRACT

CONTINUATION OF DEBATE ON MOTION FOR REFERENCE TO PUBLIC ACCOUNTS COMMITTEE

The house resumed from Friday, February 3, consideration of the motion of Mr. MacNeil:

That the agreement between the government and the John Inglis Company, of Toronto, for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement, and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts.

Hon. R. J. MANION (Leader of the Opposition): On Friday last the Prime Minister (Mr. Mackenzie King) spoke on this question at some length. He discussed the report in a general way and I intend to do likewise.

With one of his remarks, to the effect that in appointing Mr. Justice Davis he was sure he had selected as commissioner one who would be satisfactory to the country, I am in complete accord. Mr. Justice Davis without doubt was satisfactory to all. His reputation is of the highest, I entirely agree with the Prime Minister that he could not have chosen anyone more satisfactory unless it were the chief justice himself; and indeed I think that Mr. Justice Davis was just as satisfactory as the chief justice himself would have been in that case.

The Prime Minister mentioned the fact that Mr. Justice Davis had been appointed to the bench by our party. That I think was hardly necessary, because I believe that generally speaking, the judges of the higher courts of Canada whichever side appoints them, are honourable and entirely beyond partisanship after their appointment to the bench.

The Prime Minister's speech seems to me to show the need of discussion of this question here in the House of Commons, not by a committee such as the standing committee on public accounts. The Prime Minister referred to an expression I used some days ago somewhat hurriedly, the term "packed committee." As I said at the time, I used the expression in no offensive sense. What I meant was that that committee, composed as it is under the rules of the house of fifty members, would consist of eight members of our party, three of the Cooperative Commonwealth Federation and three of the Social Credit party—that is, fourteen representing all the different opposition parties to thirty-six on the government side. A committee made up in these proportions, as it would be under the rules, is likely to be a little more partisan than is the House of Commons itself, because in committees party feeling runs strongly; it always has. At the moment I do not recall any public accounts committee, set up in the manner in which this has been set up, bringing in any report against the government of the day. What I really mean is that the committee would be so overwhelmingly of one party that there would not be the same freedom of discussion as there is in this house.

One thing in the Prime Minister's speech to which I think I should take exception was the reference to a rule affecting any special committee that might be set up. He pointed out that if it were a special committee instead of a standing committee, there is a rule which provides that if hon. members commit themselves strongly on one side they should not be appointed as members of the committee. That is correct in reference to a special committee, but, as pointed out by the hon. member for St. Lawrence-St. George (Mr. Cahan), it does not refer to a standing committee. Although I did not think of the same word as that used by my hon. friend, "intimidation," the thought ran through my mind that the reference made by the Prime Minister in that regard might rather tend to frighten all of us, and particularly those in the opposition sections, from free participation in the discussions. I thought it a little unfortunate that the Prime Minister should have made that reference, because the rule does not refer to a standing committee. It is true that any special committee might later

be turned into a standing committee, but as the committee stands at present the rule does not apply to it.

The anxiety of the Prime Minister and the government as a whole—although they made no fight for it—to have this question passed to the standing committee at once, without discussion, struck me as more or less indicative of a desire to bury the whole report. After all, this question has been investigated by a commissioner, who, we all agree, is an outstanding man. There were counsel for the various parties; the government had three counsel, there was counsel for the Inglis company, including Mr. Hahn; counsel for Cameron, Pointon & Merritt, and Mr. Plaxton, counsel for the Maclean Publishing Company and Colonel Drew. So there were plenty of counsel. The commission sat for over two months and the cost was over $15,000. There is every reason for believing that the matter was so thoroughly investigated that it would not appear to be necessary for a committee of the house again to go over the whole matter.

Mr. MACKENZIE (Vancouver): The figure of $15,000 was the cost up to the date of the asking of the question. There may be more. We have not the final figures.

Mr. MANION: That was up to the first of February; so it was a fairly expensive investigation, although the Prime Minister tells us neither Mr. Justice Davis nor Colonel Ralston took anything for themselves. We have before us the report, made after very full investigation; therefore I ask why the report should be submitted to a committee, whatever committee it may be, with the heavy expense involved for the calling of witnesses again and going over the same ground, a rehashing of the same matters in dispute. It seems to me that parliament is the forum to deal with it. The report is now submitted to the jury of this parliament, and through this parliament to the people of Canada whom we represent.

I repeat that in view of all the facts this is the place to discuss the whole question. Therefore I am opposed in a general way, I regret to say, to the motion of the hon. member for Vancouver North (Mr. MacNeil). His speech in the debate on the address, in which he reviewed the whole Bren gun question, was a splendid effort, to my mind one of the best and most effective speeches I have heard in this house. But his motion does not strike me as the preferable way of dealing with the matter at this time.

Now to deal with the report itself. When it first came out, indeed before it was made public, information was given through the press, I do not know by whom, that the report was a complete exoneration of the government in so far as the Bren gun contract was concerned. To my mind that was merely propaganda. Far from this report being a complete exoneration of the government and those associated with the giving of this contract, it seems to me it is a complete condemnation of the government, as I shall prove before I finish. It is true that there was no evidence of corruption, but no one had charged corruption. I do not charge anything in the way of corruption now. The Prime Minister (Mr. Mackenzie King) quoted from page 51 of the report, where Mr. Justice Davis eliminated anything in the way of any suspicion of corruption. I accept that; far be it from me to suggest anything to the contrary. But, sir, there are fifty-two pages in this report, and I venture to say that on at least forty of them there is an absolute condemnation of the minister and, through him, of the government for having made this contract at all.

I say that Mr. Justice Davis, for reasons with which I shall deal briefly, felt that he could not come out and say distinctly that he condemned the minister or the government; he did exonerate them, of course, from anything in the nature of corruption. But in dealing with the methods by which the contract was put into effect he could not come out frankly and say what he thought, because of the arguments placed before him by various counsel, including government counsel, so he did it in a sort of subtle manner, by painting vignettes which he hung on the wall for each of us to see and come to his own conclusion.

After reading this blue book I should say that Mr. Justice Davis is an author of distinction. In many ways it is a little classic, a most fascinating, interesting and well-done booklet. But it has just a touch of subtlety so that one has to study it a bit to see exactly what Mr. Justice Davis means. Once one has read it, however, as I intend to read a few selections from it to-day, I think what Mr. Justice Davis had in the back of his mind but does not express in the booklet is so clear that one needs very little imagination to understand at what he is pointing. Indeed, sir, I think you could open this book almost at random and find that it condemns—by inference—the method by which this contract was negotiated. But I ask this: if he did not mean to condemn the methods followed in negotiating this contract, what was his purpose in giving what I have called these vignettes? What was his purpose in putting those in the book? If it was not done in order that we

might draw an inference, then the only conclusion I could arrive at would be that it was a lot of padding. I know Mr. Justice Davis slightly, more by reputation than personally, and I know that he would not put mere padding in this blue book. It is a complete condemnation of the department, even at page 51, the same page from which the Prime Minister quoted as to the exoneration so far as anything in the way of corruption was concerned. That is where Mr. Justice Davis recommends a defence purchasing board. I should like to read a few sentences, to give the gist of what he recommends at page 51:

> What is plain to me at the end of this long inquiry is this: that if the policy of private manufacture of war munitions and armaments is to be continued in this country—

Then I jump a few lines.

> —the purchase or production of such munitions or armaments should be put into the hands of an expert advisory group of competent business men—a capable and experienced manufacturer, a commercial lawyer who has had a wide practice in dealing with large commercial contracts, a representative of labour and say a chartered accountant who has had experience in the examination of substantial business transactions.

Then he adds:

> These persons should constitute a board (which might be known as the "defence purchasing board") and be made directly accountable to the Prime Minister or to the Minister of Finance.

Mr. MACKENZIE KING: That is not a condemnation; it is a recommendation.

Mr. MANION: Yes, it is a recommendation as to the appointment of a board, but it is a condemnation of the defence department. That is my conclusion. If it is not a condemnation of the defence department, why does the report specifically state that this defence purchasing board should not be left in the hands of the Department of National Defence, which is the department dealing with such matters as munitions and armaments? Why does he say it must be put under the Prime Minister or the Minister of Finance?

Mr. MACKENZIE (Vancouver): Read on.

Mr. MANION: I do not want to read it all. Anyone can read it.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: I do not wish to read too much, but I will read the next sentence:

> It is no reflection upon the technical skill and knowledge of the military officers and officials of the Department of National Defence to say this—

He exonerates them as far as technical skill and knowledge go, but just the same he says this defence purchasing board should be put under the Prime Minister or the Minister of Finance, and not under the Minister of National Defence. We will draw our own conclusions, as my hon. friends have a perfect right to draw theirs. I have drawn mine, and it is very clear to me what that means. To me it is a complete condemnation of the Bren gun contract and the methods by which it was negotiated. And I say, sir, that the whole report, with which I shall deal briefly, is a devastating condemnation of the department and of the government of which it forms a part.

Perhaps first I should give a few dates with which we will be dealing as we go along. The contract was made on March 31, 1938. It was announced in the press on May 5, a little more than a month later, and was tabled in parliament on June 29, nearly two months later. Though parliament was sitting all that time, it was not tabled until two days before parliament prorogued. I do not know whether any explanation has been made as to why it was not tabled long before the end of June. I ask myself—and I am not doing this in order to be unfair—whether it was because it was not considered desirable to table the contract until just before the house prorogued. That is a question one naturally asks; the minister will be able to answer it. I do not know the reason; I am asking the question. The article in *Maclean's* magazine, by Colonel George A. Drew, was published on September 1, 1938. These are four dates that it is well to keep in mind. It is now five months since the article was published, but until the Prime Minister spoke the other day he had made no pronouncement in regard to this matter. It is true that he appointed this royal commission, but what I find a little queer about the royal commission—or perhaps the word "queer" is not right; what I find a little strange about the royal commission is that although the commissioner was instructed to give his opinions, he was urged by all counsel, including government counsel, that he must not do so, that the only thing he should do was to set forth the facts. I should like to read what I think the Prime Minister read the other day, from page 4 of the report, where Mr. Justice Davis said:

> The said commission required and directed your commissioner—

Then I assume this is a quotation:

> —to report as speedily as possible to our governor in council the result of his investigation together with the evidence taken before him and any opinion he may see fit to express thereon.

That is wide open; I agree that nothing could be more open. But, sir, if you turn to

page 31 you will find that counsel argued against that. There the commissioner states:

At the conclusion of the long hearing, however, counsel in their arguments (excepting Colonel Drew) raised all sorts of objections to your commissioner commenting upon the evidence or expressing any opinion he might see fit to express thereon (though expressly directed by his commission to do so) or making any recommendations as the result of the investigation.

Then he quotes various counsel, starting with Mr. Geoffrion, who appeared for the John Inglis Company. He states that Mr. Geoffrion pointed out that this commission, as I suppose is the case with all commissions, was subject to the Inquiries Act, and Mr. Geoffrion quoted section 13 of that act as follows:

No report shall be made against any person until reasonable notice shall have been given to him of the charge of misconduct alleged against him and he shall have been allowed full opportunity to be heard in person or by counsel.

A little further along, on page 32, he again quotes Mr. Geoffrion, as follows:

You can report the facts, but if the facts of the report necessarily involve a charge of misconduct, you cannot.

And further:

You are limited in your power to find facts, but your inability to find facts against us.

Then further:

The question as to what extent . . . pressure was a factor in getting the British contract is out of your jurisdiction.

That is by Mr. Geoffrion.

Then he quotes Mr. McRuer, and I will cite one or two sentences. On the same page the commissioner says:

Mr. McRuer argued that the words in the order in council "to report upon the same" mean that your commissioner is to report the facts that he has found disclosed in the inquiry.

He then quotes Mr. McRuer:

". . . it cannot mean any more than to report the facts Otherwise the government would be asking you, Mr. Commissioner, to comment on the facts, to express an opinion on the facts. . . . I think it would be most unwise to ask you, Mr. Commissioner, occupying the high judicial office that you do, to make comments or express opinions that would lend weight to one side or the other in the debates that may follow. That is for the House of Commons. You are asked to report the facts, you are asked to report the evidence, and the opinions to be formed will be for the House of Commons, for the people at large, and for the press.

The commissioner then quotes Mr. Parkinson, who represented Messrs Cameron, Pointon and Merritt and the law firm of Plaxton and Company. I will read just one sentence from what Mr. Parkinson said:

"I submit that section 13 means that you must not make any adverse comments."

[Mr. Manion.]

The answer might be made to me that these counsel all represent interested parties. But we pass on to government counsel I assume Mr. Ralston, although there were three counsel for the government, Mr. Ralston, Mr. Forsyth and Mr. Dumoulin. The judge writes as follows:

During the opening of Mr. Parkinson's argument, just before the adjournment on the afternoon of November 23, 1938—

By the way, just a couple of days before the commissioner finished his work.

. . . I asked counsel for the government to define in due course what attitude they were taking as to the limitations put upon the scope of the commission by Mr. Geoffrion, Mr. McRuer and Mr. Parkinson. At the noon adjournment the next day government counsel stated that they were afraid that there was not very much that they could contribute in the way of a concrete suggestion, because . . .

And these are their words:

. . . after all it is a very general and very indefinite subject, having regard to the terms of the order in council.

I again quote Mr. Justice Davis:

As to sections 12 and 13, the position taken . . .

By Mr. Ralston:

". . . was that an adverse report of misconduct against any person was prohibited by the statute."

I take it that these are the words of Mr. Ralston:

". . . it seems to me that one must say that the scope of your final action is no more and no less than is connoted in the word 'report' in the statute, and that power of reporting is always subject to the provisions of section 13 prohibiting reports in respect of misconduct."

While government counsel said that there was no desire on their part "to whittle down your jurisdiction; nor is there any power or authority to extend it," their submission was that "this is a factual inquiry and not an inquiry in which opinions are asked or are involved, that is, opinions upon particular subjects."

Later in the report he gives his conclusion after listening to all these different counsel. Government counsel very strongly took the attitude that the commissioner had nothing to do but report the facts, so the fact that he did not give any opinion about the conduct of the government in letting the contract—or giving it, if you will—is due to this argument of the different counsel. On page 35 the commissioner says:

Having fully weighed the objection advanced on this ground . . . I have come to the conclusion that it is inexpedient to comment upon the evidence in respect of its bearing on the conduct of the individuals concerned.

That is very definite. Then he goes on:

The facts are all in evidence; and as said by government counsel in opening their argument "so far as the facts are concerned, there are very few which are even in dispute."

He adds:

I cannot myself recall at the moment any fact to which direct proof was adduced that is in dispute. It will be for those charged with the responsibility of dealing with the facts, i.e., the government and parliament, to examine and study them and to take such action, if any, thereon as they may see fit.

I have read enough, I think, to give the gist of the attitude which was taken by the different counsel. The reason I have done so is that, no matter what instructions were given to Mr. Justice Davis, government counsel took the attitude that he must not express opinions—contrary to the instructions given by the Prime Minister in his letter to Mr. Justice Davis; and when the Prime Minister was speaking the other day—

Mr. MACKENZIE (Vancouver): May I interrupt the hon. gentleman? The reason was that there were no charges made; and that is Drew's fault, and nobody else's.

Mr. MANION: I am not charging corruption, neither is George Drew doing so.

Mr. MACKENZIE (Vancouver): The law is the law; we cannot get away from it.

Mr. MANION: We will deal with the facts as we go on. There are no charges of corruption. I am not making any; but we shall have plenty of charges, before we get through, in regard to the conduct of the department in giving this contract.

While the Prime Minister was speaking he read a letter—a very fair letter—which he wrote to Mr. Justice Davis, and the press release he gave out. He told Mr. Justice Davis that he was enclosing the press release.

Mr. MACKENZIE KING: And the order in council.

Mr. MANION: Yes, of course; the order in council was enclosed too. Then I asked him if he had sent a copy of the same letter and the same release to Mr. Ralston, and he said, no, no special copy was sent. Then he added:

Mr. Ralston would, I presume, have seen the statement in the press.

I could not help thinking then, and I repeat it now, that that is a most extraordinary way of giving instructions to counsel. Why a press release rather than a direct letter? And certainly since he was sending this press release to the commissioner himself, and since counsel was being appointed, why did he not send the same thing to counsel and let him understand the matter thoroughly, rather than depend upon counsel's reading the press report? He might easily overlook at a time like that a newspaper statement. Mr. Ralston is a busy man. At all events it was without effect on Mr. Ralston, who made his attitude so clear and expressed it so strongly that Mr. Justice Davis accepted it and gave no opinion.

Mr. MACKENZIE KING: I was just wondering whether my hon. friend thought it was part of my duty to instruct counsel. I should not think so.

Mr. MANION: It was the duty of somebody to instruct counsel, if not of the Prime Minister, then of the Minister of Justice (Mr. Lapointe) for the Department of Justice, or of somebody else. Anyhow we have no information to the effect that Mr. Ralston was instructed. Even if he were instructed respecting freedom of opinion which Mr. Justice Davis was given, he paid no attention to it, and like the other counsel, did all he could—and I am making no reflection upon them—to stop Mr. Justice Davis from giving the opinions which the judge obviously wished to give. So that Mr. Justice Davis had to give them by inference, by little pictures and extracts from the evidence from which we could draw our own conclusions. In other words, what I find myself asking is this: Was Mr. Justice Davis instructed by letter to do one thing, and then was the whole investigation so hedged around by legal difficulties that Mr. Justice Davis could not make a proper investigation and a proper report?

Mr. CLEAVER: I do not like to interrupt the hon. gentleman, but will he permit a question?

Mr. MANION: This is a serious discussion, and I do not want to be interrupted very much. I will let the hon. member ask his question, but I do not intend to be diverted to all kinds of other issues.

Mr. CLEAVER: Just so that we shall not misunderstand the attitude of the hon. gentleman, I should like to ask him whether he quarrels with the rule of law laid down by section 13 which he is discussing, namely—

Mr. MANION: I am not discussing the section. Let the hon. gentleman take his seat. If he wants to make a speech on the rules of law he can go ahead later and make it.

Mr. CLEAVER: I understood the hon. gentleman was going to permit a question.

Mr. SPEAKER: Order. The leader of the opposition has the floor.

Mr. MANION: In other words I find myself asking, was the whole investigation turned into a farce, in this way: that Mr. Justice Davis apparently desired to give opinions but was influenced so strongly by the views I have quoted, including the views of

government counsel, that he did not, presumably, dare to do so? What was the attitude of the Department of Justice in the conflict between the argument of counsel and the order in council? The Prime Minister knows far better than I do that an order in council authorizing a legal investigation by a royal commissioner selected from the bench would probably be drawn up by the Department of Justice. I find myself wondering whether the Department of Justice made it clear to the government that, despite the letter of the Prime Minister to Mr. Justice Davis, this investigation would be hedged around by legal technicalities to such an extent that Mr. Justice Davis could not give what he thought was a just opinion. However, I am going to proceed with the case.

Here is what we find in the report. First, there was no competition. The matter was limited entirely to one man, Major Hahn, D.S.O., M.C. Without doubt this man had a splendid war record and there is nothing against him personally so far as I know. But the fact that a man has a splendid war record does not necessarily mean that he is capable of manufacturing Bren guns. I suppose there are at least thirty or thirty-five members in this house who are returned men, many of them with records just as good as Major Hahn, but I should not like to ask them to manufacture Bren guns. There was no competition of any kind. That is one of the strange things about this whole matter.

The only business experience that Major Hahn had, so far as the record shows, was in connection with one venture—and may I say that I did not attempt to plough through four or five thousand pages of evidence, therefore I am confining myself to what Mr. Justice Davis says in his report. Major Hahn went into radio manufacturing. It is claimed that it was radio assembling, but it does not matter; he was selling radios as a manufacturer, if you will. Later on he went into the business of manufacturing other electrical appliances, such as washing machines. He continued in this business for about ten years. When the crash came in 1929 and 1930 the company began to get into financial difficulties, and it was finally necessary to sell out to the Rogers Majestic Company. The sale was handled in such a way in 1934 that the creditors of the company received only twenty cents on the dollar. This was the company of which Major Hahn was the head. Perhaps there is no disgrace in that; people in many walks of life have had to do the same thing, but neither is it a recommendation sufficient to make Major Hahn the only business man in this country who should be chosen to manufacture Bren guns. On page 8 of the report it is stated distinctly that he was the only man who was given an opportunity I quote from the top of page 8:

> Notwithstanding that the contract involves the expenditure of several millions of dollars by the Canadian government, no industrial producer (other than Major Hahn) was consulted by the Department of National Defence as to the proposed manufacture of Bren guns for the Canadian government or invited to give competitive bids or terms of manufacture. Nor did anyone so far as the evidence shows, ever visit any industrial plant (except Inglis) to consider the possibility of production of Bren guns in Canada. Mr. Hellmuth put certain questions to the minister in this connection to which, with the answers, I now refer:—
>
> Q. You did not give anybody else a chance?
>
> A. Nobody asked for it.
>
> Q. Mr. Minister, what I want to get you to answer is this: You never did attempt in any method or any way to see what any one of these dozen or more well known companies, with skilled labour, skilled mechanics, who had been working in precision steel—well, let us take the automobile industry which makes the very closest parts and closest tolerances—no effort was made of any kind to see what they could do?
>
> A. The answer is "no." I do not think it was practicable.

That evidence proves that only one was given this opportunity. There was nobody else in competition with him.

Finally an order for 7,000 Bren guns was given on a cost plus basis. Major Hahn had a plant, the old Inglis boiler plant, which was reported as being capable of making boilers and certain other types of heavy machinery such as turbines. Certainly the plant at that time was not capable of manufacturing munitions, shells, Bren guns or anything else of the kind. It had been closed for two or three years. Many other plants in Canada were operating on precision steel, as they term it—automobile plants for instance. Mention was made of the Steel Company of Canada, the Dominion Bridge Company, and a number of others, any one of which would have been better able than the plant which Major Hahn had, to do such fine work as the making of machine guns.

On top of that evidence there is the strange circumstance that the minister himself in giving evidence—and I believe the Prime Minister said the same in the House of Commons last year—took the attitude that the manufacture of munitions of this kind should be done under government ownership. I shall quote from pages 10 and 11 of the report.

Mr. MACKENZIE KING: My hon. friend has suggested that I made a particular statement during last session. I do not recall at the moment having made that statement, and unless my hon. friend is sure of it—

Mr. MANION: I shall try to find it. If the Prime Minister says he did not say it, I am not going to question his statement, but I know the minister said that.

Mr. MACKENZIE KING: I do not say I did not, but I cannot recall that I did.

Mr. MANION: I cannot lay my hand on it at the moment. I was criticized the other evening because I asked someone to quote me. Now the Prime Minister has put himself in the same position; not a bad game.

As appears on page 10 of the report, the Minister of National Defence was examined by Mr. Hellmuth. This statement is made on that page:

Under examination by Mr. Hellmuth, the Minister of National Defence said that he had stated in the House of Commons last year (1937) that he believed in public ownership, personally, through and through in regard to armaments; "and I still say so." Mr. Hellmuth proceeded with some questions to which, and the answers, I now refer:

Q. I put it before you here, that the best plan is government ownership?

A. I thoroughly agree with you.

Q. So that there will be no inducement for people to make money out of necessities which arise from war?

A. Mr. Hellmuth, as a matter of an ideal objective, I completely agree with you.

Then lower down in the same report it is stated that General Ashton—

Mr. MACKENZIE (Vancouver): Will you finish the answer, please?

Mr. MANION: My hon. friend can finish it. I am not going to read the whole report. Does the minister deny that he said that?

Mr. MACKENZIE (Vancouver): On a point of order. My hon. friend, I am sure with the best intentions in the world, has read only part of the reply I made to learned counsel. Would he be good enough to quote the entire reply?

Mr. MANION: I shall read the remainder of the statement which shows absolutely that the minister favoured manufacture by the government.

An hon. MEMBER: An ideal objective.

Mr. MANION: I have it right here and I shall quote it. I have the minister's remarks last year as reported in *Hansard* where he came out quite clearly for that. I am not so sure of the Prime Minister, but I am sure of the minister. Here is the rest of the answer:

—but you should read carefully the recommendations made by a distinguished committee to us early in 1937, in regard to ways of dealing with practical necessities of the Department of National Defence. You should read that.

I do not see where that is a contradiction of what I said. The minister will have an opportunity to put his case before the house. I am not going to read the whole report.

I was going on to show that General Ashton and General McNaughton both favoured the doing of this work under government ownership. I quote from page 10 of the report:

The minister said that General Ashton (the then chief of the general staff) was very insistent upon the development of government arsenals and that the former chief of general staff, General McNaughton, evolved a very comprehensive scheme for Valcartier which would include practically all the requirements of the Canadian Forces.

I find myself wondering why General Ashton and General McNaughton were not called before the commission. Incidentally I might mention here that South Africa and Australia both manufacture munitions in their own plants.

Mr. MACKENZIE (Vancouver): May I say to my hon. friend that General Ashton's testimony was offered to the commissioner.

Mr. MANION: There is no doubt that it was offered, but he was not called as a witness.

Mr. MACKENZIE (Vancouver): That was not the government's fault.

Mr. MANION: I mentioned that he was not called, that is all.

Mr. MACKENZIE (Vancouver): May I tell my hon. friend also that these big interests which he has mentioned were all ready to give testimony with regard to public tenders, but they were not called.

Mr. CAHAN: That would depend upon government counsel.

Mr. MACKENZIE (Vancouver): It did not.

Mr. MANION: Since the question is very apt, I shall say now what I intended to say later on. I made it my business to ask six of the outstanding manufacturers in this country as to their ability to manufacture Bren guns. They had all read the press reports of the inquiry, which were very popular reading during the fall months. With the exception of one, they all answered that they could. One said he could not, but the others all said they would be willing.

Mr. MACKENZIE (Vancouver): Will my hon. friend be kind enough to let us have the names?

Mr. MANION: No, I will not. I am going to try to treat with every respect my hon. friend over there who is interrupting so

freely, but I think he had better treat me in the same way. I am not going to hand out names of companies to this government, and then if they have a job, have these people forgotten. No, I am not going to do that.

It is pointed out by the judge that the whole plant of the Inglis company costs only $120,000, or some such figure. But the argument the minister made against government ownership was that it was going to cost $30,000,000 to $35,000,000.

Then on page 11 the statement made by the Prime Minister in the House of Commons on April 2, 1937, is quoted:

Mr. Mackenzie King: For some months past an interdepartmental committee has been going very carefully into the whole question of the control of profits with respect to munitions of war.

I am quoting this to give his viewpoint. A little further down he says:

At the present time, in a time of peace, the government is proceeding on the theory of permitting competition with reasonable remuneration, the work to be subject to inspection and audit.

Then a little further down:

I can assure him—

I do not know of whom he is speaking, but I presume it was somebody who had asked the question:

—I can assure him that the whole question is one to which the government is giving careful consideration, and that it will continue to do so. We agree with him in asserting the principle that no profits should be made out of war.

Mr. MACKENZIE KING: Hear, hear.

Mr. MANION: I agree with that. I join with the right hon. gentleman on that question. I have taken the same attitude right along. I took it in Geneva, in 1934, as the head of the Canadian delegation to the League of Nations. Many other public men have taken the same attitude, so there is nothing new in that. I am merely pointing out that the Prime Minister took exactly the same position.

The next point to which I want to draw attention—it is a little out of chronological order—is a letter written by Mr. Plaxton, the hon. member for Trinity, to the Prime Minister, dated August 24, 1936, and it appears on page 17 of the report. I quote from the report:

Mr. Plaxton wrote a letter to the Prime Minister (Exhibit 336) on August 24, 1936. This letter was written by Mr. Plaxton while he was in Ottawa, and at the request of his brother, Mr. Herbert Plaxton, who had telephoned him from Toronto. The letter reads as follows:

"A group of friends of mine in Toronto are equipped fully to manufacture munitions."

I emphasize that—"equipped fully."

Their plant is located in my constituency.

We know very well that that statement was just not true, to put it in the simplest language. They were not equipped fully. They had this more or less broken down Inglis Company plant. That letter was deceiving the Prime Minister; whether intentionally or not, I am not discussing. I am simply stating that the letter was deceiving the Prime Minister. The letter also says, "A group of friends." Now the group was Major Hahn, a brother, or two brothers, of the member himself, and the firm of Cameron, Pointon and Merritt, in Toronto. That was the group.

I turn to the next page, and I quote the evidence given by Mr. Plaxton, the member for Trinity. This is from page 18 of the report:

Mr. Plaxton was asked during his evidence who were the "group of friends" of his in Toronto who were fully equipped to manufacture munitions at the time he wrote the Prime Minister on August 24, 1936, and his answer was:

"A. I was speaking as of that date of Major Hahn, Cameron, Pointon and Merritt, and Mr. Herbert Plaxton.

Q. And Mr. Gordon Plaxton?—A. No, not at that time.

Q. They were the group of friends who were fully equipped to manufacture munitions?—A. Yes.

Q. Where?—A. At the Inglis plant.

Q. How did you know that?—A. Well, I did not. I assumed as of that date that, speaking from memory, the deal was virtually concluded or had been—I was not definite as to any date."

That is the answer of the hon. member for Trinity.

The Prime Minister replied to the letter of the hon. member (Mr. Plaxton) on September 12, 1936, about three weeks after he had received it. The Prime Minister said in his letter to Mr. Plaxton—I hope the house will forgive me for saying "Mr. Plaxton" instead of the hon. member for Trinity, but it makes the record more clear—Mr. Plaxton having asked him if Canadians had the right to get contracts from the British government:

It would be necessary—

Mr. MACKENZIE KING: I suggest that my hon. friend read the beginning of that paragraph.

Mr. MANION: Certainly. I was quoting only the part that was pertinent to my argument. The paragraph begins:

I may say, in reply, that we see no reason why a Canadian firm established for the manufacture of munitions should be precluded from obtaining orders from the British gov-

ernment. It would be necessary, of course, to see that it was distinctly understood that such orders as were obtained, were at the instance of the firm itself and not either directly or indirectly, at the instance of the government of Canada.

I interject now that Hahn would never have had a look-in of any kind with the British government if it had not been that he was pushed in by the Minister of National Defence—none at all.

Now in regard to Major Hahn, I want to give his record briefly. He called with my hon. friend from Trinity (Mr. Plaxton) on the deputy minister of national defence on October 9, 1936. Apparently he saw the Bren gun sitting there in the office, and he borrowed it, although it is specifically stated in two or three places in this report that there were secrets that had to be kept in connection with the Bren gun. But apparently, without any great trouble, he walks into the office of the deputy minister and sees the Bren gun, and they give him every encouragement. They send the gun to Toronto for him to examine. On October 19, 1936, ten days later, Major Hahn came again to Ottawa. He was staying at the Chateau Laurier. He and Mr. Plaxton asked the minister to join them, which he did, and the minister gave him, as a result of that visit, a letter of introduction to Mr. Massey.

Mr. MACKENZIE (Vancouver): I gave it to Mr. Plaxton.

Mr. MANION: Was the letter of introduction on behalf of Mr. Plaxton or Major Hahn?

Mr. MACKENZIE (Vancouver): For Major Hahn.

Mr. MANION: It was a letter of introduction for Major Hahn. Then on November 10, 1936, about three and a half weeks later, Major Hahn was in England, and these are the facts: On November 10 Major Hahn was made government representative, and if I mistake not he was made government representative by the Prime Minister himself.

Mr. MACKENZIE KING: No.

Mr. MANION: Then I will hold that point in abeyance, but I think I am right. It was the Prime Minister as Secretary of State for External Affairs. I will come to that in a few moments.

Mr. MACKENZIE KING: The Department of External Affairs communicates on behalf of every department. It is quite possible that the defence department had asked for some word to be sent through the Department of External Affairs to the British government, and to that extent my hon. friend's statement would be correct.

Mr. MANION: I will deal with that point right now, although it means I shall have to anticipate somewhat. When Major Hahn and Mr. Plaxton got over to London they called on Mr. Vincent Massey. He is a very capable civil servant, and he showed intelligence in this matter. He did not, on the word of the Department of National Defence alone, want to push Major Hahn along too fast. Mr. Massey had been asked to get appointments with the British War Office for Major Hahn, so Mr. Massey cabled to the Secretary of State for External Affairs in Ottawa this message, which appears on page 24 of the report:

Secret 396. Have received to-day following request in a wireless message direct from National Defence, Begins:

"Please request Major Hahn now in England to communicate with me through your office in cypher his impression as to possibility of producing Bren gun in Canada. This is urgent and ask him to give details such as time required for delivery and estimated cost. Ends."

In order to obtain information desired, War Office must be requested to give Major Hahn, as representative of the Canadian government, access to information of a secret nature which normally is not given to other than government officials.

Major Hahn also informs me that Minister of National Defence has requested him to obtain, if time permits, all available information regarding manufacture of tanks and shells which would also necessitate similar requests from the War Office.

Before making any application to war office, would appreciate instructions. Would be grateful for such instructions by to-morrow if possible.

This message was transmitted by External Affairs to the Department of National Defence, and, in reply, is a cable (exhibit 99), on November 10, from the Secretary of State for External Affairs to the High Commissioner in London.

That is the Prime Minister.

Mr. MACKENZIE KING: Yes.

Mr. MANION: It goes on:

Secret. Your cablegram 9th November 396. Have discussed matter with Minister of National Defence. You might request war office to give Major Hahn, as representing Canadian government in this particular, any information which they consider desirable and necessary to enable National Defence to reach conclusion on possibility produce Bren gun in Canada. It is not desired to request furnishing of information on any article other than this gun.

Surely the Prime Minister does not deny that he made him the representative of the Canadian government?

Mr. MACKENZIE KING: Exactly as this communication states. As Secretary of State

for External Affairs, I passed on to the high commissioner in London the wishes of the Minister of National Defence in this matter.

Mr. MANION: I was merely stating a fact, which is there in black and white, absolutely undeniable, that the Prime Minister, as Secretary of State for External Affairs, made Mr. Hahn the representative of the Canadian government. Nobody else did. Furthermore, I emphasize it, since the Prime Minister appears to wish to get out from under. I do not blame him much if he has read the report, but since he takes that attitude I emphasize it, because it has gone all over the country that apparently it was the Minister of National Defence who made Major Hahn the representative of the government. It was the Prime Minister. I believe the Prime Minister got false information or he would not have done it.

Now, I have gone ahead of my story, because I did not intend to deal just here with that aspect of the matter.

Mr. MACKENZIE KING: My hon. friend notes the significance of the words "in this particular"?

Mr. MANION: Yes, and that in itself is a reflection upon the department.

Mr. MACKENZIE (Vancouver): Why?

Mr. MANION: Because the department was asking that Major Hahn be given information regarding shells and various other things, and the Prime Minister limited him to Bren guns.

Mr. MACKENZIE (Vancouver): That was the most urgent requirement at the moment.

Mr. MANION: Argue that between yourselves. I will read a few more bits of evidence. I am afraid I shall have to go back because I got ahead of my story in consequence of this interjection, which I did not invite. I was simply stating a fact which appears in the report:

Then on October 19th, 1936, Major Hahn, Mr. Cameron (of Cameron, Pointon & Merritt —Toronto stock brokers) and Mr. Hugh Plaxton, were in Ottawa and had an interview with the Minister of National Defence in his suite in the Chateau Laurier hotel.

As a result on October 19th, 1936, a letter of introduction addressed to the Hon. Vincent Massey, High Commissioner for Canada in London, was given by the minister to Mr. Plaxton—exhibit 135. I will not read the letter; there is no necessity. I will turn now to page 19:

When the minister was asked in his evidence—

Remember, he had given a letter of introduction for Major Hahn, and yet in his evidence we find this:

When the minister was asked in his evidence:

Q. When did you first meet Major Hahn?

His answer was:

A. To the best of my recollection I met him first of all in May of this year (1938). But last week I was corrected when I was informed by Major Hahn himself that he was introduced to me in 1936, and I heartily accept his recollection.

I do not question that except to observe that it seems strange that the minister should forget that he had given a letter of introduction to someone whom apparently he had not remembered meeting.

Mr. MACKENZIE (Vancouver): I gave some to your colleagues.

Mr. MANION: Well, that is all right. The hon. gentleman probably knew my colleagues but apparently he did not know Major Hahn.

Mr. MACKENZIE (Vancouver): I did not know the friends of my friend's colleagues. Ask the hon. member for Davenport (Mr. MacNicol). I gave a similar letter.

Mr. MacNICOL: A letter of what?

Mr. MACKENZIE (Vancouver): A letter of introduction to friends of yours of exactly the same type.

Mr. MacNICOL: To what purpose?

Mr. MACKENZIE (Vancouver): John T. Hepburn of Toronto.

Mr. MANION: When this difference is straightened out I will go on.

Mr. MACKENZIE (Vancouver): Let us have fair play.

Mr. MacNICOL: A letter in what connection?

Mr. MACKENZIE (Vancouver): I have a copy of it if my hon. friend requires it.

Mr. MacNICOL: It will be all right to read it.

Mr. MANION: Then from *Hansard* of last year, at page 4524, to emphasize the attitude taken by the Minister of National Defence, I quote what the hon. gentleman says:

I want to say in the second place that the minister cannot take the slightest credit for the contract, and the minister never sat in on any of the consultations, and never met Major Hahn until after the contract was signed.

That is his statement. The Minister of National Defence so stated last year as reported in *Hansard*.

Mr. MACKENZIE (Vancouver) What was that?

Mr. MANION: I will repeat it. Emphasizing the evidence that the minister gave

before the commission is the statement which he made as reported in *Hansard*. There was an argument with Mr. Bennett about the Bren gun contract, and at page 4524 of *Hansard* the minister is reported to have said:

I want to say in the second place that the minister cannot take the slightest credit—

Mr. MACKENZIE (Vancouver): That is right.

Mr. MANION:

—for the contract, and the minister never sat in on any of the consultations, and never met Major Hahn until after the contract was signed.

Mr. MACKENZIE (Vancouver): And that is my recollection at the moment.

Mr. MANION: I do not question the hon. gentleman's recollection, although he has a bad memory.

Mr. MACKENZIE (Vancouver): My hon. friend must accept my statement.

Mr. MANION: I am accepting his recollection but I simply say—

Mr. CAHAN: It does not represent the fact.

Mr. MACKENZIE (Vancouver): I corrected it voluntarily myself in sworn testimony when I was apprised to the contrary.

Mr. CAHAN: It does not represent the fact.

Mr. MANION: Surely a letter of recommendation of that kind should be regarded as more sacred than to be given to someone whom the minister did not even remember. He said he did not know Major Hahn last year. Last year, in the House of Commons, he said he did not know him until after the contract was signed, and yet in 1936 he gave this gentleman a letter of recommendation. On page 19, the report states:

Following upon the interview with the Minister on October 19, 1936, and without waiting for the report of the inspector who had been asked by the department on October 10 to inspect the Inglis plant in Toronto there was sent by the Deputy Minister of National Defence to the Under-Secretary of State for External Affairs, on October 20, 1936, the following letter (exhibit 74), suggesting, in view of Major Hahn's early departure for England, the desirability of communicating with the high commissioner as soon as possible.

The letter says in part:

Major J. E. Hahn, D.S.O., M.C., a former officer of the Canadian Expeditionary Force, and representing a reliable group which controls certain manufacturing plants—

Note the plural.

—capable of manufacturing armament and munitions located in a large industrial centre where the labour and material factor is stable and favourable, has been in communication with the department.

And Mr. Justice Davis, on page 21, draws attention to this. He says:

It is to be observed that the letter states that Major Hahn represents a reliable group which controls certain manufacturing plants capable of manufacturing armament and munitions located in a large industrial centre where the labour and material factor is stable and favourable.

Then the deputy minister appeared before the commission. He was asked:

Do you mean to say now—

That is, two years later.

—that when you wrote that letter on October 20 you did not know the names of the individuals who made up that group?—A. No, I did not, but I did know that Major Hahn was a leading figure in the whole thing, he had a controlling interest and he had grouped with him worth-while people, which is the natural thing.

Q. How did you know that—A. I was told it.

Q. By whom?—By himself and by Mr. Plaxton.

Q. Anybody else?—A. No.

And further:

Q. You did not know on October 20—

That is 1936:

—who Major Hahn's associates were? Do you know now who Major Hahn's associates were, in the enterprise?—A. I am not certain that I do know who they are now, no.

This was two years later, last October. A little lower down the commissioner reports:

The deputy minister had asked Major Hahn on his first visit on October 9, 1936, that the Inglis plant be inspected and that was done by the resident inspector (aircraft inspection detachment) at Toronto, whose report is dated October 21, 1936.

That is an interesting date. He gave the letter to the under-secretary of state on October 20, 1936, and he did not get the report on the plant until the following day, yet he says he not only had the plant but he had plants. And the report said in part:

This plant is primarily equipped for the manufacture of boilers, turbines and the working of heavy plate generally. All equipment is in reasonably good condition, considering the length of time it has been in use.

The machinery at present in this factory with few exceptions, is unsuited for the manufacture of aircraft, but it might be used for the manufacture of tanks or shells.

Yet it, or Major Hahn, is said to be fully equipped to manufacture a much more delicate implement than tanks or shells, namely the Bren gun. Then he goes on and says:

It was October 26, 1936, that Major Hahn, Mr. Gordon Plaxton and Mr. Hugh Plaxton left for England.

Then lower down on page 23:

Major Hahn and Mr. Hugh Plaxton called upon Mr. Massey, the High Commissioner, upon their arrival in London and gave to him the

minister's letter of introduction (exhibit No. 135). Major Hahn was given to understand, he said, that an appointment would be arranged for him at the war office and after waiting for something over a week he says he became "very, very impatient, I am afraid," and he telephoned the Minister of National Defence in Ottawa from London. Mr. Hugh Plaxton says he was in the room with Major Hahn when the latter was telephoning to the minister. Major Hahn said he had a curt reply from the minister and that Mr. Hugh Plaxton then sent two cablegrams—one to the minister and one to the deputy minister, both dated November 9 (exhibits 82 and 204). The next day Major Hahn was made the representative of Canada in this particular; i.e., the Bren gun (exhibit 99).

I said the Prime Minister had appointed him, and that is the fact as shown in this record—that he was appointed the representative of the Canadian government so far as the Bren gun was concerned.

Mr. MACKENZIE KING: May I interrupt there to make it perfectly clear? That statement from myself to Mr. Massey was:

You might request war office to give Major Hahn, as representing Canadian government in this particular, any information which they consider desirable or necessary—

Note the words, in just one particular, and any information which they consider desirable or necessary.

—to enable National Defence to reach conclusion on possibility produce Bren gun in Canada.

Simply to get information to enable the Canadian department to reach a conclusion on possibility of producing in Canada. But not to get contracts.

Mr. MANION: Why should not the Canadian government get its own information? But I have not misrepresented the Prime Minister. I quoted his words. When I say that he appointed Major Hahn representative of the Canadian government, no word he has said contradicts that.

Mr. MACKENZIE KING: Just for one particular purpose, to obtain information to send to the Department of National Defence to enable the department to make up its mind.

Mr. MANION: Since the right hon. gentleman is cross-questioning me, does he know Major Hahn?

Mr. MACKENZIE KING: No, I never met him.

Mr. MANION: I thought so. Yet, having never met him and without knowing him he makes him the representative of the dominion government. Does my hon. friend think that was a wise thing?

[Mr. Manion.]

Mr. MACKENZIE KING: If I have to limit any communications I have with the high commissioner in London to those concerning gentlemen I know, I am afraid it will be found such a rule places an impossible restriction on a prime minister.

Mr. MANION: Letters from the right hon. gentleman to the high commissioner in London deal with a great variety of subjects, but it is not very often that any government makes anyone who is not in the civil service or employed by it a representative of that government to act on anything.

Mr. MACKENZIE KING: It depends on the extent of the representation.

Mr. MANION: I do not need to argue any further; the story speaks for itself.

Then on page 28 the report states:

The minister and the deputy minister were examined as to their knowledge of the "reliable group which controls certain manufacturing plants." The letter of October 20, 1936 (exhibit 74) having been read in full to the minister, Mr. Hellmuth asked him:

Q. Did you know at that time who Major Hahn's associates were?

A. No, and I do not know now.

A little further down the question is put to the minister by Mr. Hellmuth:

Q. I would like to have that question answered, with all due deference. I would like to know whether you knew whether Major Hahn had or controlled any plant or plants.

A. Not to my own knowledge—certainly not.

Q. Do you know whether he had any company at that time?

A. Not to my knowledge, no.

Q. When did you find out that Major Hahn had associates, and who they were?

A. I did not know who they were until the article referred to in this investigation (i.e., in MacLeans magazine).

Q. So that we may say the contract—at the time the contract was signed you had no knowledge of who his associates were?

A. That is quite correct.

Q. Nor had you any knowledge of who the reliable group were?

A. Quite correct. I accepted the reliable supervision of men in whom I had absolute confidence.

Q. I am asking you if you knew of any of these. Did you know what experience Major Hahn had in the manufacture of precision steel?

A. No, not to my own knowledge.

Q. Did you know what his previous industrial experience or activity had been?

A. No, not to my own knowledge.

And on the next page:

Q. So that you are still—I do not wish to say this at all offensively—you are still in the dark as to who these associates are and the group behind him?

A. I think we all are.

The deputy minister swore that he too did not know who were the "reliable group" which controlled certain manufacturing plants.

Now, that is an interesting picture. They recommend Major Hahn very enthusiastically, send him across there to get information from the British government, make him a representative of the Canadian government, yet two years later none of them appears to know who Major Hahn's associates were, who this "reliable group" were, where these plants (plural) were—in fact there were not any "plants," there was one plant in Toronto. In addition there was pressure put on the British government in regard to this. For instance at page 44 the commissioner said:

That the Canadian department pressed the war office in the matter up to at least November, 1937, is frankly admitted. The minister stated the situation generally in these words in his evidence:

. . . it was a sustained endeavour to press the British authorities for a decision as to whether they would produce in Canada or not.

How do these words fit in with what I quoted the Prime Minister as saying, that Major Hahn must get the contract himself without the Canadian government intervening? And further down:

As early as December 24, 1936, the minister had revised and approved a letter (exhibit 107) to External Affairs requesting that a cable be sent to the government of the United Kingdom. . . containing these words:

Canada is prepared to proceed if war office can place initial order for not less than 5,000 Bren guns.

Then on April 20, 1937, the deputy minister wrote Doctor Skelton, the Under-Secretary of State for External Affairs, as follows:

On discussing the matter with my minister this morning he requested that I explain the great importance and urgency of this problem and to request that immediate action be taken to assist Major Hahn who evidently intends to remain in London for a few more days.

Then further down:

A good many communications passed directly between the department and Colonel Loggie, who was sent by the department to London in October 1937. Colonel Loggie is a senior Ordnance corps officer and has his office in Canada House, London. This was the first time that the department had appointed an ordnance officer to London. Although communications could be sent by the department to London through the government naval wireless without any charge, the evidence discloses several transatlantic telephone calls at critical periods from the department to Colonel Loggie costing, for instance, in one case $77 and in another case $42 and others at $28 and $35 (exhibits 266 and 267) of which conversations no records were kept by the department.

That is unnecessary waste.

Mr. CAHAN: That is the commissioner's report?

Mr. MANION: Yes, that is the commissioner's report. Then on page 47 he continues:

As appears from the communications quoted above, the war office as late as February 3, 1938 (exhibit 190) was still adhering to its desire to deal with the Canadian government and not with a Canadian manufacturer direct.

And lower down:

It clearly results from the evidence that the department having introduced and sponsored Hahn to the war office and the war office having in November 1937 (after a full year of pressure by the department upon it) expressed its readiness to negotiate with the Inglis company for the production of 5,000 guns. . . .

And a little lower:

. . . the department felt it was really not in a position to propose to the war office the consideration of another contractor. Much stress was laid during the evidence and on argument upon what was termed the "pressure" from either the war office upon Canada or from Canada upon the war office, subsequent to the war office cable to Canada of November 9, 1937 (exhibit 182).

Then the commissioner adds:

That pressure from Canada upon the war office during the period was continuous is in my view the proper inference from the facts directly proved in evidence.

Then over on the next page he says:

No substantial objection can be taken in my view to the provisions of the Canadian contract—

Some hon. MEMBERS: Hear, hear.

Mr. MANION: Just a moment:

—though in the absence of any competitive bids or terms of manufacture I am unable to pass upon the substance as distinct from the form of the contract.

I do not hear any "hear, hears" about that.

It is important, of course, that the contract be a good and businesslike contract; but what is more important after all is whether the procedure adopted in making the contract was that best calculated to protect the public interest and to secure the confidence of the people of Canada that there would be no improper profiteering in the private manufacture of war armaments for the defence of the country.

And the commissioner adds:

That is a question upon which the government and parliament, in the light of the evidence brought before the commission, must pass.

So, sir, here was probably a vast business coming from the United Kingdom in the manufacture of munitions. Confidence is necessary on the part of the United Kingdom in their record, is it likely that there will be confidence in the government or the Canadian people? I doubt it very much. Then on page 42 there is another statement I want to put on the record:

During the last week of August, 1938, an advance copy of Colonel Drew's article that was to appear in *Maclean's* magazine came to the attention of the deputy minister and

other department officials. As a result of a conference with Major Hahn in Ottawa at that time a letter was taken subsequently from the company (exhibit 43) dated September 3, 1938—

That was before the investigation, remember.

—fixing the amount of the maximum overriding profit accruing to the company under the contract; the provision in the contract being thought susceptible of a construction by which the company might get a larger profit.

In other words, without saying so, he suggests loose construction of the contract. I have seen an estimate made in the press, though I do not know whether or not it is accurate, that the new arrangement with Major Hahn saved this country something like $250,000 in possible extra profits that he might have received if that letter had not been signed. So it must be said, whatever else has happened, that Colonel Drew has saved the people of Canada quite a vast amount of money.

Mr. MACKENZIE (Vancouver): It has cost them far more.

Mr. MANION: What has cost who far more?

Mr. MACKENZIE (Vancouver): I will develop that later.

Mr. MANION: The hon. gentleman will have plenty of time to explain what he means. Then the commissioner adds:

No lawyer (excepting Colonel Orde who as judge advocate general has multifarious duties and would not claim to be a commercial lawyer) passed upon the intricate terms and conditions of the contract for the department; apparently the Department of Justice was not consulted. The minister said he never went over the proposals of Major Hahn in detail.

There are two other points and then I will be getting close to my conclusion. One other person who apparently advised the department in connection with this matter was a young gentleman named Lieutenant Jolley, a graduate of McGill. Lieutenant Jolley graduated in 1933, when he was twenty-three years of age, which would make him just over twenty-eight years old to-day and twenty-six years old when these negotiations were started. Here is what the commissioner says about Lieutenant Jolley, at page 35:

As already mentioned, several written proposals to the Department of National Defence were made by Major Hahn, or by the company which he and his group incorporated, during dealings with this government and with the Canadian people. After this, in view of this the year 1937, commencing with proposal "B" submitted December 29, 1936. These were analysed and examined mainly by Lieutenant Jolley, who worked alone on these different proposals down to the first part of December, 1937. It was essentially a matter for practical business judgment and experience. Lieutenant Jolley was twenty-three years old when he graduated at McGill in 1933.

That made him twenty-six years of age when this matter was being considered; yet he was the special adviser for the department.

Mr. GARDINER: Pitt was only twenty-four when he was prime minister of England, and he won a war.

Mr. MANION: I do not suppose my hon. friend is claiming that we have another Pitt in Lieutenant Jolley. Perhaps we have; I am not saying anything against this young man, but he had just graduated from college. The hon. gentleman who just interrupted me has had a great deal of experience in handling men. If he were back as premier of Saskatchewan I am sure he would not call on a young man just out of college to give him special advice on a subject which, as the commissioner said, required legal knowledge, business knowledge and mechanical and engineering knowledge as well.

Mr. GARDINER: I have often received good advice from young fellows.

Mr. MULOCK: What experts in the British war office examined the contract?

Mr. MANION: I am not dealing with the British war office; my hon. friend can do that. Then the commissioner goes on:

Lieutenant Jolley impressed me as an earnest and scholarly young man, skilled in his own technical branch. But he was obviously without the business experience and judgment necessary for dealing with a proposed business contract of an intricate nature involving the expenditure of millions of dollars.

This is the commissioner speaking.

At the conclusion of his evidence I said to him:

"Q. . . . there seems to be a good deal of responsibility upon you by way of analysis of all the different proposals which were made in your report. Of course I have not evidence yet as to whether or not your reports were acted upon, but I am asking you if . . . prior to December, 1936, you really had any experience in dealing with contracts of this kind?" To which Lieutenant Jolley very frankly answered: "No, I had not."

That is another illustration, sir. There is another group with which I wish to deal, and then I shall have dealt with most of the evidence upon which I wish to touch.

The interdepartmental committee has been very much in the limelight; the minister quoted it on many occasions. It was made up of men like Doctor Skelton, Loring Christie, Doctor Clark, Colonel Orde, Fraser Elliott, and in this case the deputy minister of national defence, who was chairman. Of this interdepartmental committee I say at once that

these are among our very ablest and most outstanding civil servants. But in this case, I repeat, the deputy minister of national defence was chairman. It was the deputy minister who was doing even more pressing in this regard than the minister himself. The deputy minister controlled the actions of this committee, as will be found in the evidence which I intend to quote. Of course it is always subject to the government, but at the same time the deputy minister was chairman and he showed his control. At page 37 the commissioner quotes Mr. Fraser Elliott, who was in the witness box for quite a long time; I do not know how long, but at any rate a day or two. In giving his testimony Mr. Fraser Elliott said that—

. . . after the chairman, the deputy minister, had opened the meeting with a general statement indicating the purposes for which the meeting was called

> the committee began to take an active part in the sense of asking questions and getting to grips with the problem. In so doing the committee indicated that competitive bids should be one of the main considerations, and one of the first considerations.

A little further on he speaks of competitive bids again, and then on page 38—

> The committee appointed a subcommittee of three, of whom only one was a member of the original committee, for consideration and study and report.

Further on:

> The subcommittee made its report on January 13, 1938 (exhibit 50). The report contained in part the following:
>
> Having in mind the main committee's suggestion that competitive bids be called for, the subcommittee, as an indication only of the names of concerns from whom competitive bids might be asked, mention the Steel Company of Canada, Dominion Bridge, Canadian Car and Foundry Company, Limited, Bertram Company, National Steel Company, and possibly automobile manufacturers who undoubtedly have suitable plants and precision tools, together with such others as, in the opinion of the main committee, might be asked to tender.
>
> The subcommittee appreciate that time is an essential factor but inasmuch as the duration of the contract is from five to six years, the suggestion of a delay of two to three months to allow intending bidders to gather essential information does not appear to be unwarranted under the circumstances and in view of the amount of money involved in the contract—

It might be interjected here that according to this very contract between the department and Major Hahn no guns need be delivered for three years from the date of the contract; the delivery of some five hundred guns any time within three years would fulfil the terms of the contract. So here was a contract the performance of which did not need to be started for just under three years. Yet the deputy minister of national defence kept pressing his opposition to anything in the way of competitive bids.

Later in the report the commissioner says that a second meeting of the interdepartmental committee on the proposed contract was held, and the question was asked:

"What was the main subject of discussion at the second meeting, Mr. Elliott?"

Mr. Elliott replied:

"Competitive bids and why the John Inglis Company should get this contract, the financial status of the company and a number of other things. . . .

"The committee wanted to get price comparisons from other competent companies. They felt the lack of them in considering this individual contract. They kept urging for some method of competitive bidding and comparative prices being entered upon."

Over on the next page the deputy minister as chairman of the meeting is referred to. Mr. Elliott continued:

"The chairman indicated that he had an understanding—exactly how it was acquired I do not know—from England that they would not deal with any other firm."

Pressed as to exactly what was said, Mr. Elliott put it this way:

"I said as a statement of fact that the chairman stated to us that he believed, or he was of the opinion, whichever way you wish to put it—he believed that England would not place the contract with any other company in Canada."

The commissioner goes on:

> Mr. Elliott said that the suggestion was then made that a cable be sent to England to ascertain definitely England's position in respect of competitive bids.

Mr. Elliott is quoted again:

"The chairman pointed out that to ask such a question at this juncture might endanger the placing of the British order, and endanger thereby the loss which he obviously was anxious to save Canada in the cost of the machinery and equipment.

And over on the next page—

Mr. MACKENZIE (Vancouver): Let the hon. member finish that quotation. The cable was actually sent. Would he mind finishing that paragraph?

Mr. MANION:

> The committee nevertheless did not take such notice of that opinion as to withdraw their desire to have the cable sent. They were willing to risk the danger. The form of the cable was then drafted.

However, it is not given here. The hon. member for Leeds (Mr. Stewart) tells me that the cable was not sent.

Mr. MACKENZIE (Vancouver): It was.

Mr. MANION: The commissioner then goes on to say that Mr. Elliott stated:

"An important matter then developed, so far as the committee was determined by the chairman indicating that responsibility for the way in which this particular company had been selected necessarily rested with the Department of National Defence."

Mr. Elliott said that the chairman (the deputy minister of national defence) pointed out that

"his department had followed the practice of the British government where competition is not always obtainable, and they unhesitatingly go into non-competitive contracts in order to secure their requirements. In this particular case the British government had picked the firm to manufacture its guns."

Lower down:

In view of the deputy minister's statement, Mr. Elliott said that the committee "practically reorientated itself in respect of the whole matter.

"We stated in the meeting at that time that if the department took the responsibility, then there could no longer be any objection. That was a fait accompli, and we had to meet it."

On the next page, page 41, Mr. Elliott is reported to have said:

"The committee gave the opinion that it was difficult to conceive that the war office was willing to deal only with one Canadian company, and that company in point of fact, as we stated, recently having gone through receivership."

He goes on:

"The committee pointed out that there had not been received from England a categorical denial that they would not deal with any other company. We therefore suggested a further wire or cable asking them, 'Will you or will you not deal with a selected list of companies?' That was quite a thing to raise, after the several cables that had passed."

He gives the numbers of these cables, and goes on:

Mr. Elliott said that the committee's suggestion of a further wire gave great concern to the chairman.

And Mr. Elliott is quoted as saying:

"He really felt so strongly about it that it amounted to a suggestion that we must not do it. And the committee accepted that. Then again, the committee dealt with the possibility of changing the war office's determination not to deal with other companies. We stated that if it could not be otherwise, then again we would have to agree to giving the contract to the John Inglis Company."

Mr. STEWART: So the cable was not sent.

Mr. MANION: The commissioner goes on:

The system broke down when the committee failed to report back to the body that had created it.

That is the story of the interdepartmental committee.

One more quotation from Mr. Justice Davis and I shall have finished. On page 49, in closing his report, he says:

No substantial objection can be taken in my view to the provisions of the Canadian contract. . .

I have read this already, but I will read it again:

. . . though in the absence of any competitive bids or terms of manufacture I am unable to pass upon the substance as distinct from the form of the contract. It is important, of course, that the contract be a good and businesslike contract; but what is more important after all is whether the procedure adopted in making the contract was that best calculated to protect the public interest and to secure the confidence of the people of Canada that there would be no improper profiteering in the private manufacture of war armaments for the defence of the country.

That is a question upon which the government and parliament, in the light of the evidence brought before the commission, must pass.

Mr. Justice Davis repeats again and again that it is up to the government and the parliament of Canada. On page 50 he says:

What is obvious, of course, is this; that if the government has an article to be manufactured for which by its very nature it is not practicable to call for tenders and the policy of private manufacture is to be adopted, then at once the heaviest sort of responsibility falls upon those charged with the duty of selecting the individual, firm or corporation to manufacture the article. The question is: Were proper and sufficient steps taken in this case to discharge that responsibility? Upon the whole evidence, that is a question for the government and parliament to pass upon.

As one of the members of this house I would certainly say that "no" is the answer to that question.

The government and parliament have all the facts. I have given from this fifty-two page report what I think are the outstanding facts, and therefore I say, why should a committee be appointed? There has been already great expense. It would mean that the evidence would be repeated, and without any doubt it would end—I say this not disrespectfully—in the old way that all these committees do end, that is in a political whitewash.

What conclusion can we come to after all this evidence? If Mr. Justice Davis wishes to find only as the Prime Minister quoted the other day from page 51, that there was no evidence of corruption, why did he include all these pen pictures of startling incidents shown in the evidence? It does not require much imagination to answer that question. The reason was that he considered the whole

thing was irregular. I have touched on some of these points; but almost every page, nearly every paragraph in the report, criticizes the whole deal. It receives the greatest condemnation, as I have already mentioned, in the suggested appointment of a defence purchasing board, which by the way was recommended as far back as November 1936 by the conference of defence associations of Canada and was recommended in February 1938 by the artillery association; but nothing has been done until now.

My submission is that the whole report is one of political patronage in its worst form, favouritism to one man, Major Hahn; injustice to other industrialists far more capable and fully equipped—which Major Hahn was not; deception of the Prime Minister in the letter from the hon. member for Trinity (Mr. Plaxton); of the interdepartmental committee by the various statements made to it by officers in authority; of the British government; and of the people of Canada. Has the Prime Minister—I ask this in all sincerity—read the report completely? Frankly it seems to me impossible that he could have read the report and not have condemned the whole deal.

Has he followed public opinion in the press? Take for example the two papers in this city, the *Journal* and the *Citizen;* the two newspapers in Winnipeg, the *Free Press* and the *Tribune;* the Toronto *Telegram,* the *Financial Post* and *Saturday Night.* These, to name only a few, as well as other papers across the country, have condemned the deal. In the debate on the address, I twitted the Prime Minister upon being too much interested in external affairs to be really interested in or understand internal affairs and the needs of the people, and upon not having been within a thousand miles of his own constituency since the last election. In reply, he said:

> The position of the leader of a government in Canada to-day is not unlike that of the captain of a ship when the ship is in a storm. The captain of the ship must not be spending his time wandering among the passengers on the decks; his place is at the helm.

Well, we have 11,000,000 passengers on the ship of state which the right hon. gentleman is controlling at the present time; over 800,000 are on relief and over 450,000 unemployed, and they are not in a very docile mood to put up with such matters as this Bren gun contract. Indeed the right hon. gentleman's metaphor was not a particularly happy one, because in a modern ship the captain does not stay at the helm; he has helmsmen to do that. He goes down among the passengers daily, inspecting the vessel, and what is more, he keeps his eye on the crew—a very important thing to do. I think it about time that the captain of this ship of state took a look at his crew and at the passengers. Does the Prime Minister endorse these pernicious proceedings? I use the word "pernicious" advisedly because to me that is what they are. Does he endorse the unfair methods by which Major Hahn was selected from among all the business men of this country, a man who, as Mr. Fraser Elliott said, had gone through receivership? A man who at that time was not manufacturing anything, so far as I know? So far as the record shows he had been idle between 1934 and 1938 and had had no experience in manufacturing anything of this kind.

Mr. MACKENZIE (Vancouver): Who else in Canada had?

Mr. MANION: There were many firms in Canada which had had experience in manufacturing shells and munitions. During the last war a number of large companies were manufacturing shells on a huge scale.

Mr. MACKENZIE (Vancouver): That has nothing to do with it.

Mr. MANION: They have precision tools. Mr. Justice Davis himself mentioned a number of companies which were capable of doing it.

Mr. MACKENZIE (Vancouver): He did not.

Mr. MANION: I read the list a few moments ago.

Mr. MACKENZIE (Vancouver): Will my hon. friend please read the evidence correctly?

Mr. MANION: Does the minister suggest that this Major Hahn, who was not a manufacturer, was the only man in Canada who could do this?

Mr. MACKENZIE (Vancouver): Certainly not.

Mr. MANION: That is all the answer I need. There were any number of companies. I make this statement: There is not a manufacturing company in Canada, not a company manufacturing steel products of any kind—and there are many of them—which was not far more capable than Major Hahn of carrying out this contract. I ask the Prime Minister: Does he approve—and I know he does not in his heart—of patronage of this sort, particularly patronage in munitions?

Mr. MACKENZIE (Vancouver): Where is the patronage?

Mr. MANION: Does the minister suggest that he does not know where the patronage is?

Mr. MACKENZIE (Vancouver): I defy my hon. friend to prove it. I defy my hon. friend to prove any patronage.

Mr. MANION: The hon. member for Trinity (Mr. Plaxton), who is in his seat now, brings in a friend of his and he gets the Minister of National Defence to help him out—

Mr. MACKENZIE (Vancouver): Your friend, the hon. member for Davenport (Mr. MacNicol), brought in a friend who got the same sort of letter.

Mr. MANION: But he did not get a contract for Bren guns. I say now that there never has been a more shameful piece of patronage. I can understand a certain amount of patronage in other matters, but not in munitions. I do object to one man in all this country being chosen, while other industrial people are ignored, and given a contract totalling several millions of dollars. In the estimates this year there is a total of $63,000,000 for the Department of National Defence. If it is not the biggest, it is at least one of the biggest spending departments in the government this year. I meant to look that up, but I omitted to do so. We hear a lot of criticism of the Hudson Bay Railway which cost only $50,000,000. I say "only" when the fact is that that is a huge sum of money, but compared with this it is a lot less.

Mr. MACKENZIE (Vancouver): Do you object to this?

Mr. MANION: Do I object to what?

Mr. MACKENZIE (Vancouver): To the vote for defence.

Mr. MANION: I will tell you what I object to: I object to the minister over there having anything to do with it. Since he is fishing for answers, I shall give him some. I was leaving the minister largely alone, and was dealing with the government as a whole. I am ready to answer any question which he chooses to ask. I say this is a shameful contract which the Inglis company, which is Major Hahn, received. The Department of National Defence has no right to spend this $63,000,000. We hear a great deal about the deficits of the Canadian National Railways. The deficit last year was $42,000,000. This vote for national defence is fifty per cent greater than the deficit on our national railways. Is this money to be spent in this manner? What confidence can the people have in this government after these facts have been disclosed? They were not known to the people generally because as soon as the report was issued the Minister of National Defence or some of his friends made it their business to put out a story all across Canada that they were exonerated. I will admit that in so far as any corruption is concerned, but there was not complete exoneration. There was absolute condemnation of the whole deal by Mr. Justice Davis.

Mr. MACKENZIE (Vancouver): Where is it?

Mr. MANION: On forty of the fifty-two pages.

Mr. MACKENZIE (Vancouver): Where is it?

Mr. MANION: I am not taking any different attitude with regard to munitions from that which I have taken for years. At the League of Nations in 1934 I took the attitude on behalf of the dominion government that there should be nationalization of the manufacture of munitions. I think my right hon. friend has taken the same attitude on some occasions, and the Minister of National Defence has taken it on a number of occasions. A few months ago in London, speaking before the Kiwanis club, and again in Toronto before the Commercial Travellers' Association, I took the same attitude. I took the same attitude and put myself on record in my speech in the house at the opening of the session. I said that huge profits in munitions were repugnant to the people of this country. I said it was like taking blood money, that it was profiteering in patriotism. I went on to say that munitions for Canada should be manufactured without profit, that the manufacture of munitions for Great Britain should be so completely controlled that an absolutely fair deal would be given to the British government. I said that we should have the absolute confidence of the British government and that we must have a new deal in munitions.

This is not ordinary government business. No one can deny that this is a question of life and death, a question of peace and war; it is a question of the life of our boys. It is a question of the safety of this country, and perhaps it is more than that, it is a question of our freedom as a nation. Are we going to carry on as we have? Surely not. The Prime Minister has expressed high ideals on democracy and on social justice, and so do I. I say that if we are to preserve democracy, if we are to preserve our social system, these ideals will have to be lived up to better than they have been in the past. And this applies not only to my right hon. friend and his government, but to other governments as well.

The Prime Minister alone can clean this up, and he must clean it up. On this depends the faith of the people of Canada. On this depends national unity and understand-

ing. On this depends confidence in the parliament of Canada, indeed confidence in the whole British parliamentary system. People across the country are asking themselves if democracies are worth while, if they are comparable with dictatorships. We all know that our democracies have very serious defects. As I have said many times, if we do not cure these defects, then to my mind the end of democracy is in sight.

My right hon. friend the Prime Minister can clean this up, and he can do it quickly. There is only one way in which he can do it, and that is by cancelling the Bren gun contract. There need be no injustice done to Major Hahn and the John Inglis Company in that action. Out of pocket expenses could be paid. The work that has been done need not be lost because the government can expropriate the plant. To my mind that is the only way in which the confidence of the people of this country in our democratic government can be restored. That being my opinion, I desire to move, seconded by the hon. member for Leeds (Mr. Stewart) that the motion be amended as follows:

> That all the words after the word "that" in the first line thereof be struck out and the following substituted therefor:
>
> "In view of the evidence produced before the royal commission the opinion of this house is that the agreement made between His Majesty the King, represented by the Hon. the Minister of National Defence, and John Inglis Company, Limited, for the manufacture of Bren machine guns, should be cancelled."

Mr. LAPOINTE (Quebec East): The motion of the hon. member for Vancouver North (Mr. MacNeil) is what is called a routine motion. It is a motion to refer a certain matter to a committee of this house. Under the rules of the house this motion is debated on routine proceedings, and not in the ordinary way as are other motions of which notice is given by an hon. member.

The amendment which is proposed by the leader of the opposition (Mr. Manion) would have the effect of changing the motion before the house into one which could not be debated on routine proceedings. The motion of the hon. leader of the opposition asking that a certain step should be taken by the government is a motion that should be put under notices of motions, like all other resolutions proposed by members of the house, and I submit that it is out of order.

I wish to call the attention of your honour to citation 132, page 41 of Beauchesne, which describes what is a motion allowed on routine proceedings:

> The motions allowed on routine proceedings are motions relating to the business of the house and for the discussion of reports from committees.

Obviously the motion before the house, if the amendment of my hon. friend the leader of the opposition is accepted, is no longer a motion that comes under routine proceedings. I would also call the attention of your honour to citation 397 of Beauchesne:

> An amendment must not raise any question which by the rules of the house, can only be raised by a distinct motion after notice.

The motion of my hon. friend the leader of the opposition, just like any similar motion proposed by a member of the house, could not be moved without notice, and the fact that he tries to substitute his motion for that of the hon. member for Vancouver North, which could properly and did properly come under the routine proceedings, does not give any validity to the amendment.

Mr. STEVENS: Mr. Speaker, the right hon. Minister of Justice (Mr. Lapointe) has confused two things. He has quoted a rule applicable to motions brought before the house under routine proceedings, and then applied it to a motion which is already properly before the house. The closing words of the right hon. gentleman that the motion of the hon. member for Vancouver North (Mr. MacNeil) was properly before the house marks the point of departure in this matter. To quote again the standing order which the right hon. gentleman cited, and referring to citation 130 we read:

> The house may, by unanimous consent or upon motion after forty-eight hours' notice, make such alterations in the order of business as it deems advisable.

No one would contend for one moment that the motion we are discussing, the motion of the hon. member for Vancouver North, is not properly before the house with the full consent of parliament, because the Prime Minister (Mr. Mackenzie King) himself emphasized the other day that he was most anxious that the resolution should be considered; so I assume, your honour, that the motion is properly before the house.

The question now arises whether the motion which is offered as an amendment may be properly entertained by your honour. If we turn to standing order 48 and certain citations thereunder it will be found, I think, that this amendment is in order. Standing order 48 reads:

> When a question is under debate no motion is received unless to amend it.

The motion of my hon. friend the leader of the opposition is to amend the original motion before the house.

Then citation 394 of Beauchesne states:

> A motion may be amended: (a) by leaving out certain words; (b) by leaving out certain

words in order to insert other words; (c) by inserting or adding other words.

The amendment follows the usual course followed in this and other parliaments, in that it leaves in the word "that," which has always been considered sufficient to maintain the status of the original motion, and then it proceeds to strike out all the words after "that" and to insert certain other words in place thereof.

Citation 395 of Beauchesne has this to say:

It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed.

No one, I think, will argue that this amendment is not relevant. The motion under discussion is to send a certain report to a committee of the house, and the amendment says that in view of all the evidence which has been produced—and this point was emphasized the other day by the Prime Minister—and in view of the consideration given to the evidence in the report of the commissioner, which the original motion suggests should be referred to a committee, it is unnecessary to refer such report to a committee because we have already sufficient evidence before us to warrant parliament in now indicating to the government that the contract be cancelled forthwith. So the amendment is strictly relevant to the question.

Citation 395 of Beauchesne continues:

Every amendment proposed to be made either to a question or to a proposed amendment should be so framed that if agreed to by the house the question or amendment as amended would be intelligible and consistent with itself.

No one will deny that this amendment is both intelligible and consistent—possibly a little too intelligible.

Then citation 400:

An amendment that is merely an expanded negative cannot be proposed by the chair.

That, of course, is one of the most commonly accepted rules and is frequently applied. It cannot be argued that the amendment is a negative motion.

Mr. DUNNING: Positively.

Mr. POWER: Read it.

Mr. DUNNING: The motion is for consideration by a committee. The amendment is a direct negative.

Mr. MANION: It is more than a negative.

Mr. STEVENS: Let us examine that point. The motion is that:

. . . the agreement between the government and the John Inglis Company of Toronto for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts.

That is the motion, and the amendment is that:

In view of the evidence produced before the royal commission the opinion of this house is that the agreement made between His Majesty the King, represented by the honourable the Minister of National Defence, and John Inglis Company Limited, for the manufacture of Bren machine guns, should be cancelled.

That is, the amendment invites parliament, instead of dealing with this contract and report by reference to a committee, to deal with the matter here. That is not a negative. It is an amendment offering an alternative method of dealing with the question.

Mr. POWER: What words are proposed to be stricken out of the original motion by the amendment?

Mr. STEVENS: All the words after "that," which is the usual practice quite commonly followed both in this house and elsewhere. In this connection, citation 406 of Beauchesne reads:

The object of an amendment may be to effect such an alteration in a question as will obtain the support of those who, without such alteration, must either vote against it or abstain from voting thereon, or to present to the house an alternative proposition either wholly or partially opposed to the original question.

That covers exactly the point made by the Minister of Finance (Mr. Dunning) and the hon. gentleman who interrupted me a moment ago. It is within the rules of parliament to propose an amendment as an alternative proposition either wholly or partially opposed to the original question. I submit, therefore, that the amendment must be considered as in order.

Mr. ROBICHAUD: The hon. member for Kootenay East (Mr. Stevens) has cited standing order 48. It is unfortunate that he did not consult standing order 50, which reads:

A motion to refer a bill, resolution, or any question to the committee of the whole, or any standing or special committee shall preclude all amendment of the main question.

That is clear enough.

Mr. SPEAKER: This is a question of considerable importance and I shall have to defer my decision.

Mr. LAPOINTE (Quebec East): My hon. friend's point is still stronger than mine.

Mr. SPEAKER: I shall defer decision for the time being.

Mr. MACKENZIE KING: May I direct attention to citation 400, which the hon. mem-

ber for Kootenay East (Mr. Stevens) has indicated:

An amendment that is merely an expanded negative cannot be proposed by the chair.

My hon. friend asked the house to notice particularly that citation. The motion before us is to refer a particular agreement to the public accounts committee. The amendment is to annihilate the agreement altogether. Surely that makes the amendment an expanded negative.

Mr. STEVENS: Citation 406 offers a new alternative.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to join with the hon. member for St. Lawrence-St. George (Mr. Cahan) in protesting against what seemed to me to be an effort on the part of the Prime Minister (Mr. Mackenzie King) to curtail discussion. He quoted a rule which applied to a special committee and then said that in this instance the public accounts committee was in very much the same position as a special committee. If his reasoning applied, no hon. member who might express views in this house which prejudged a situation would be entitled to sit on that committee. If that rule of the Prime Minister were made general it would be quite impossible to carry on the business of almost any committee of this house. For example, there is no subject on which feeling runs higher than that with regard to privileges and elections. How could it be possible for the committee on privileges and elections to discuss matters in which a large number of members who were vitally interested had already expressed themselves? Take the committee on railways. In the past there has been a good deal of discussion with regard to branch lines and so on. Does the Prime Minister suggest that anyone particularly interested in the question would be debarred from taking part in the work of the railway committee? Almost everyone has some definite ideas with regard to railway amalgamation or even railway co-operation. Does that mean that no one with definite ideas should sit on the railway committee? And what about the committee on banking and commerce? I am quite sure that the whole Social Credit party would be absolutely debarred because they have definite ideas, as indeed many of us have. Unfortunately, perhaps most of the members of the house have definite ideas along orthodox lines especially when it comes to finance. Are they to be debarred from sitting on the banking and commerce committee on any special question that may come up there?

Mr. MACKENZIE KING: My hon. friend is misconstruing what I said. He is speaking about the general powers of committees. My point was with respect to a specific matter, where anyone had committed himself in respect to a specific matter, and the question of his serving on a committee.

Mr. WOODSWORTH: My point is that a great many specific matters come before the committees which I have just enumerated. If the general rule which the Prime Minister is seeking to lay down were adopted it would mean that the house could not carry on its ordinary committee work. The Prime Minister seeks to lead us to believe that the work of this committee will be judicial. I question that very much. The work of the committee, if this motion is carried, is to find out whether public money is being wisely expended, and if somebody's toes are stepped on in the course of finding that out, all the worse for that person. The committee is not in any sense a judicial committee.

I did not think the Prime Minister was well advised in what he stated with regard to the member of the supreme court who was appointed as commissioner. He urged that this judge would be completely disinterested because he had not been appointed under the Liberal administration but had been appointed by a Conservative government. It seems to me there is an inference there that the people generally would not have had the same confidence if the judge who was selected had been appointed by a Liberal administration, and I respectfully suggest that after that statement the Prime Minister will have to be careful in his future selections to see that any judge who is chosen for any such position is one who has not been appointed under a Liberal administration. Otherwise, the public will draw their own conclusions.

I am in favour of the reference of this whole matter to a committee, because so far it has been quite impossible for the house to secure full and accurate information. In view of the large sums involved in the contract, my point may seem to be unimportant; but I think, in harmony with what the leader of the opposition (Mr. Manion) has said, it is essential to maintain confidence in the parliamentary system.

The situation which I wish to emphasize is very important, because it involves the rights and privileges of the house. I refer to the minister's answers to my questions last year. My colleague a few days ago, on the orders of the day, asked a question in order that there might be no misunderstanding as to the accuracy of the record. The minister gave no

satisfactory information; he simply reasserted that the statements were "honestly, honourably and truthfully made."

I submit that such vehement protestations do not inspire confidence but rather tend to create the suspicion, "methinks the lady doth protest too much." I cannot know what is in the minister's mind; I cannot say that I am very much interested in that. It may be that the minister is ignorant in this matter; it may be that he has been misinformed; but the fact is that the house is entitled to certain information and the house has not received that information. Indeed, it received what I regard as misleading information. The minister's original statement, with regard to the Bren gun, as found in *Hansard* of 1938 at pages 2912 and 2913 is very sketchy indeed. He asserts:

> The Canadian government has let a contract for 7,000 Bren guns to a firm in Toronto, the John Inglis Company Limited, I believe it is.

That is very offhand. One might judge that the minister knew the situation in only the most casual way.

Then came rumours that there was something very strange about the Bren gun contracts. And I asked these questions, answered in the house on June 22:

> 1. Was Major James Hahn appointed by the Canadian government to go to England in 1937 and 1938 to make a survey of munitions production for the purpose of advising the Canadian government?
>
> 2. If so, were his expenses paid by the Canadian government?
>
> 3. What were the terms of Major Hahn's employment?
>
> 4. At what date did Major Hahn cease to be employed by the Canadian government to advise on munitions and begin negotiating for production by him of Bren machine guns?
>
> Mr. Mackenzie (Vancouver):
>
> 1. No.
> 2, 3 and 4. Answered by 1.

It seems to me that the minister hides behind technicalities. Apparently I should have included in my question the year 1936. In his evidence as reported at page 2356 the minister said:

> The question refers only to 1937 and 1938 and in my judgment the question is absolutely properly replied to or answered.

Well, if that is the kind of answer we are to be given, in the future we shall always have to put in a great many dates or general statements, such as "in the year 1936, 1937, 1938 or 1939 or any other year." I suppose that is the only way to get a definite and reliable answer from the minister. Major Hahn was apparently a promoter, then a representative of the government in one particular, and again a probable contractor.

This house has a right to know about such an arrangement. That was the reason for my questions.

Let us look at this question of dates. On October 19, 1936, there was a letter of introduction from the minister to the high commissioner in London. On November 10, 1936, there was a cable from the Secretary of State for External Affairs to the high commissioner asking the latter to arrange with the war office to supply information regarding the Bren gun to Hahn, "as representing the Canadian government in this particular." On December 5, 1936, Hahn wrote a letter to the minister enclosing a voluminous report of his investigations. On December 7, Hahn was in conference with officers of the Department of National Defence. On December 29, 1936, Hahn submitted a written proposal. In May, 1937, during the imperial conference the minister was informed by the deputy that Hahn was making progress with the war office. He therefore became, in the words of the minister, at least so far as they were concerned "a probable contractor." That was in May, 1937, according to the minister himself. Up to that time presumably Hahn was a representative of the Canadian government. And the minister goes on to say:

> I asked the deputy minister myself immediately to obtain for me some details of his company and of his financial standing.

Incidentally may I note that it was not until May, 1937, when Hahn became "a probable contractor" that the minister sought to find out anything about the details of his company or his financial standing. But I go on with these dates: In June, 1937, Hahn and the deputy minister were in England together. They saw the officials of the war office together. Remember that the minister had stated it as his opinion that Hahn had ceased to be a representative of the government and became a prospective contractor on December 5. That is the date of the report to the department of his investigations in England. He adds, however—I quote the minister himself—

> On December 5, I take it in my judgment. It is a matter of opinion and argument.

Despite the admission of the minister that the point is one to be argued, a matter of opinion, he comes out in this house with his categorical "No" with regard to the whole series of questions. The second question I asked was:

> 2. If so, were his expenses paid by the Canadian government?

The answer is:

> Answered by 1.

Let me point out that in 1937 Hahn put in a bill for legal fees amounting to something like $6,500; yet according to the minister he was no longer a representative of the government but only a probable contractor. Also he put in a bill for $7,191.31 for travelling expenses to England in the middle of 1937. I would ask the minister whether Mr. Hahn was then a representative or a potential contractor. My question covered that period. Curiously enough, on this particular trip Hahn was said to be on private business. During the discussions regarding his contract Major Hahn was in Ottawa from March 14 to 18, 1938, and later submitted his bill for $326.80. It is true there is no evidence that I can find as to whether or not these bills were paid, but that does not alter my argument.

There is still another item that is of general interest to the public of this country with regard to moneys to be paid by the government to the company. Turning to the agreement we find at page 5 that:

A sum not exceeding $20,000 in respect of actual cost of preliminary investigation, planning and engineering services carried out by the party of the second part prior to the execution of the agreement as evidenced by vouchers—

Let me emphasize that. This large amount of $20,000 was to be granted for services rendered prior to the execution of the agreement. Yet the whole transaction was brushed aside by the minister in his answers to my questions by that one word "No".

My question No. 3 related to the terms of Major Hahn's employment, and I submit that this was not covered by the answer to question No. 1; it was a wide-open question, a very important one. But all the minister does is to say "No." Yet a few minutes later on that self-same day the minister said emphatically with regard to this same Bren gun matter that there was not the slightest intention to misrepresent the situation. I read the minister's own words as reported at page 4120 of *Hansard* of 1938:

I want to assure my hon. friend that there was not the slightest intention to misrepresent the situation.

Again a little later:

There was not the slightest intention to suppress nor was there a suppression of any information, in the slightest degree.

The minister, I may say, succeeded admirably in doing what he says he had not the slightest intention of doing; he succeeded in misrepresenting the situation to this house and in suppressing information that was highly necessary if we were to make an intelligent decision on the question at issue.

This brings me to another point. During the discussion of the defence estimates Mr. Bennett had asked whether the order from the British war office had not been secured through the good offices of the Department of National Defence. The minister replied, as reported at page 3555 of *Hansard* of 1938:

No; as a matter of fact I think negotiations were carried on entirely by the company's representative in England for the last two years, since 1936.

A week later I followed this up by a question with regard to United Kingdom munitions, and was told that the Department of National Defence played no part, directly or indirectly, in those negotiations. Let me read the *Hansard* report in order that we may be quite sure:

I have seen the article referred to by the hon. member for Winnipeg North Centre (Mr. Woodsworth) and I wish to assure him at once that the Department of National Defence has played no part either directly or indirectly in these negotiations. With reference to any orders to be placed in Canada, we have no more information than is in possession of the hon. member who asked the question.

Mr. MACKENZIE (Vancouver): That is right; "to be placed."

Mr. WOODSWORTH: The minister concluded:

I think that that is as definite as I can make the statement.

And the minister still maintains that position.

Mr. MACKENZIE (Vancouver): Yes.

Mr. WOODSWORTH: It is true, as the minister says, that the contracts were signed separately. It may be true, as he asserts, that he has no knowledge of the signing of the contracts. In that regard he may be correct, but I ask the minister, whether as he affirmed the other day, he had been answering the questions "honestly, honourably and truthfully." I am afraid that the house will be inclined to ask how honestly, how honourably and how truthfully. The house itself, and the public, must be the judge of that. Consider his own statements. Let me read from *Hansard* for 1938 at page 4120. I questioned him:

I should like to ask the Minister of National Defence, as it is asked both in the despatch and in a long editorial in the *Free Press* of last Monday, how he reconciles this state of affairs with his statement across the floor of the house to me the other day when he said:

"With reference to any orders to be placed in Canada, we have no more information than is in possession of the hon. member who asked the question."

Apparently there has been a joint arrangement between the British authorities and the Canadian authorities, together with a loan

of certain machinery from Quebec. If that statement is correct, how does the minister reconcile this seemingly very careful arrangement, and the signing of the contract, with his statement to me that he knows nothing more about the matter than I do?

The minister replied:

If my hon. friend will look over the discussions which took place in committee of supply when my own estimates were under consideration, he will find that in response to the question of some hon. gentleman opposite, details were very carefully stated at that time. There was no cooperative contract—

I call the attention of the house to this:

There was no cooperative contract; the contract with the war office was signed by the Toronto firm entirely separately from the contract with the Canadian government; but, as the result of the two complementary contracts being signed, there will be a saving to this government of over one and a quarter million dollars.

Later on he did seem to give some indication that there had been negotiations, for he said:

I say now in regard to these contracts that there has never been a cooperative effort between the British war office and the government of Canada except in regard to the Bren gun—

That was the very item and the only item under discussion. That is a most peculiar statement, which really I fail to understand. As I said a moment ago, it may be true that the contracts were signed separately, but there is very full evidence on the record showing joint consultation, cooperation and pressure prior to the contract. Take the report of the commissioner, from which I read this extract from the evidence:

Under such an arrangement guns sold to the Canadian government would carry their proper pro rata preparation cost. There are other obvious details which can be dealt with once the general basis has been found acceptable.

That is on page 26. Then on page 27:

—for cooperating in the form of "educational orders."

Then Mr. Geoffrion said this:

These two contracts are so fearfully interwoven that you cannot touch one without touching the other.

That is on page 32. Again on page 43 there is another interesting extract:

Then on March 28 or 29 Colonel Orde went to Toronto to represent the department in settling the terms of the British contract so as to make it uniform, so far as possible, with the Canadian contract.

All I can say is that if the minister does not know about the contract he should have known something about it. I want to read that passage once again:

Then on March 28 or 29 Colonel Orde went to Toronto to represent the department in settling the terms of the British contract so as to make it uniform, so far as possible, with the Canadian contract.

Yet the minister dares to assert even today, as I understood his interruptions, that he knew nothing about it, that he had no more information than I had. The deputy minister, in his letter to the high commissioner's office on May 20 said in part:

For the reasons which I have outlined, the department ventures to suggest that it would be preferable to have the war office contract conform in detail with the one which the department has executed, but of course this is a matter for the war office to determine, and it is understood that the contractor will accept any changes by way of clarification which are desired.

That is on page 44.

That the Canadian department pressed the war office in the matter up to at least November of 1937 is frankly admitted. The minister himself stated the situation generally in giving his evidence, in these words:

—it was a sustained endeavour to press the British authorities for a decision as to whether they would produce in Canada or not. That is the tenor of all the correspondence for nine or ten months in 1937—a sustained endeavour to obtain a decision from the war office as to whether or not they would place an order for Bren guns in the Dominion of Canada. That was carried on until November of 1937, I think.

Then the commissioner states:

That pressure from Canada upon the war office during the period was continuous is in my view the proper inference from the facts directly proved in evidence.

Well, Mr. Speaker, I confess myself to be utterly nonplussed. Whatever his motives may have been or whatever his capability may be, the minister did not give the house satisfactory information and, further, information to which the house was clearly entitled. All I can say is that the situation is a serious one. If the house loses confidence in the statements of the minister in the Bren gun affair, how can we have confidence in his statements when his estimates again come up for discussion in this house? It is especially serious when the minister is so largely responsible for the greatly increased estimates for national defence which are being presented to the house this year. I would urge that it is not merely the minister who is concerned in this matter; if the government maintains present arrangements, it must accept a very, very serious responsibility.

Hon. GROTE STIRLING (Yale): Mr. Speaker, as you are reserving decision on the validity of the amendment which has been moved by my leader, (Mr. Manion) I shall not deal with that as I had intended to, but will refer to the motion itself, the motion of

the hon. member for Vancouver North (Mr. MacNeil), that the contract and the commissioner's report should be referred to the committee on public accounts.

On the last occasion that this matter was before this house, the Prime Minister (Mr. Mackenzie King) read from the report the reasons why the government had created a royal commission, and he read also the terms of reference which had been given to that commission—terms of reference so wide, I think, as to satisfy the general public of Canada that the investigation which was about to take place would be wide and general and that the report which would follow it would give the views and the opinion of the commissioner on the facts collected.

The Prime Minister went further than that, and explained his reasons for selecting the commissioner. He read a copy of the letter in which he expressed his appreciation that the particular commissioner had accepted the task, and he also read a statement which had appeared in the press at the time of the institution of the commission in which the view was expressed that the government would be ready to enlarge the scope of the inquiry if in the opinion of the commissioner that was necessary.

After thirty-five meetings of the commission, when all the evidence which appeared to be forthcoming had been laid before the commission, counsel one after another, began to make representations to the commissioner giving him advice as to what his report must not contain. My leader has referred to them, but I wish to emphasize one or two points which they raised.

First, counsel representing the John Inglis Company drew attention to the fact that the commissioner must suppress the word "misconduct"; he must go even further than that; he must see to it that he did not imply misconduct so far as that counsel's clients were concerned. He said—I am referring to page 32 of the report:

> You are limited in your power to find facts, but your inability to find facts against us.

Then he made the reference to the fact that the British contract was outside the commissioner's jurisdiction.

Counsel who was affiliated with him in the representation of the John Inglis Company supported the views of the first counsel and also emphasized the fact that nothing outside the collection of facts should be contained in the commissioner's report.

Then, counsel for Plaxton and Company and the stockbrokers of Toronto, goes so far as to say that the commissioner would be forbidden to make a report against this counsel's clients. While this counsel had begun to address the commissioner, the commissioner asked the counsel for the government if he would be prepared to express an opinion with regard to limitations which might be put upon his, the commissioner's, words and the following day that counsel did express his opinion. It will be found at the top of page 34, and it is very much to the same effect as that of the other counsel. It is not very clear to follow, but he does make the point:

> While government counsel said that there was no desire on their part "to whittle down your jurisdiction; nor is there any power or authority to extend it.

I suggest that with these views coming at the end of thirty-five days of inquiry, it was scarcely likely that the commissioner, at that late date, would turn to the government for an extension of powers to enable him to give the type of report that I for one, as a member of the general public of Canada, would have expected that commissioner to give. The commissioner does restrict himself; he restricts himself to the extent of saying this:

> Having fully weighed the objection advanced on this ground—

That is the charges of misconduct.

> —as well as the weighty consideration brought to my attention by counsel that the rights of the individuals interested in the contract might become the subject of legal controversy elsewhere, I have come to the conclusion that it is inexpedient to comment upon the evidence in respect of its bearing on the conduct of the individuals concerned.
>
> The facts are all in evidence; and as said by government counsel in opening their argument
>
> > So far as the facts are concerned, there are very few which are even in dispute.
>
> I cannot recall myself at the moment any fact to which direct proof was adduced that is in dispute. It will be for those charged with the responsibility of dealing with the facts, i.e., the government and parliament, to examine and study them and to take such action, if any, thereon as they may see fit.

I turn to page 50 and quote again the words of the commissioner:

> What is obvious, of course, is this: that if the government has an article to be manufactured for which by its very nature it is not practicable to call for tenders and the policy of private manufacturer is to be adopted, then at once the heaviest sort of responsibility falls upon those charged with the duty of selecting the individual, firm or corporation to manufacture the article. The question is: Were proper and sufficient steps taken in this case to discharge that responsibility? Upon the whole evidence, that is a question for the government and parliament to pass upon.

That is the gist of the report of the commissioner. And the Prime Minister's wish is that this matter should be referred to the

public accounts committee. Rarely if ever in my fourteen years in this house has the public accounts committee met; but from a reading of Canadian political history in years before that I find that the public accounts committee has been the ground for the fiercest sort of political battle. The government of the day would have the majority representation on that committee—

An hon. MEMBER: On every committee.

Mr. STIRLING: —and the object of the government supporters on that committee would be to ensure as far as they could, by such means as were at their disposal, that criticism of the government of the day should not be contained in the report of that committee. The public accounts committee as set up is composed of thirty-six Liberals, eight Conservatives, the hon. member for Vancouver North (Mr. MacNeil) and two of his associates, and three members of the social credit group. I cannot bring myself to believe that any further light will be allowed to be shed on this matter by government supporters if it is sunk in the public accounts committee. If the commissioner had had suggested to him by government counsel that he should not report thus, and he had to content himself with collecting facts and emphasizing them as he did most notably, I do not consider that there will be any probability that we shall be allowed to be told in the public accounts committee some of the things which will have to be told before the public of Canada can really understand this matter.

Every time I read or think of this matter I ask myself: Why was Major Hahn selected? How did he become the favourite of the government? When the minister's estimates were before the house last session, reference was made by myself to an investigation which was being carried on as to the potentialities of Canadian industry as far as the manufacture of munitions, guns and other armaments was concerned. At that time I asked him if the Bren gun contract was a case in point. I asked if the Bren gun contract was one of the pieces of work undertaken as a result of the findings of the committee of inquiry into industrial possibilities, and the minister answered that it was.

Shortly after the minister took charge of the department he started this inquiry. I do not know the number of firms which had been investigated at the time Major Hahn was introduced to him, but by the time the contract was signed between seven and eight hundred firms had been investigated as to their potentialities. I am of opinion that at the time the introduction took place the minister must have been in possession of facts which would have led him to believe that Major Hahn was far from being the only possible contractor for this purpose. But he was selected and he proceeded to England. Accompanying him was a letter of introduction which the minister had written and which he tells us was written on behalf of a man whom he did not know. It was a letter of introduction which was to take Major Hahn as far as the high commissioner's office in London. About the same time as that interview the deputy minister of national defence wrote a letter to which reference has been made already. This letter, to be found on page 20 of the report, was addressed to the under-secretary of state for external affairs. Its object was to enable the under-secretary of state for external affairs to prepare the high commissioner for the coming of Major Hahn so that the doors of the war office might be opened to him. The question of the inaccuracy and misleading nature of that letter has been drawn already to the attention of hon. members and I shall not stress this any further.

It should be remembered that at this time the deputy minister of national defence, upon whom the minister so properly relied and for whose work the minister properly takes full responsibility, was able to associate himself in this ordnance matter with the master general of the ordnance. The master general of the ordnance had been retired in 1934, I think it was, and given the customary twelve months' leave of absence. The Liberal victory occurred in 1935, and just before his year of leave had expired the position of master general of ordnance which had been abolished was recreated and this general officer was made master general of the ordnance. The deputy minister could scarcely be expected to carry all the details of Bren gun supplies in his head, but we must assume that the master general of the ordnance was in a position to keep the deputy minister straight on the matter. It is most unfortunate that the master general of the ordnance was not able to appear before the commissioner to give evidence of a technical nature which in the ordinary state of affairs he would certainly have done. Unfortunately his condition of health prevented his appearance. I draw no inference nor do I make any suggestion; I simply say it was most unfortunate under the circumstances that the evidence of the master general of the ordnance in connection with gun making was not available to the commissioner.

When Major Hahn reached London he found that the doors of the war office were not open and that he was unable to make the contracts he desired with the senior officers in

London having to do with matters of defence. The high commissioner did not see fit to give him an entrée. Becoming disappointed with the delay, he telephoned long distance to the Minister of National Defence (Mr. Mackenzie). The Minister of National Defence did not seem particularly ready to help him. So the hon. member for Trinity (Mr. Plaxton) sent two cables which are mentioned in the report. Immediately the Secretary of State for External Affairs, who is the Prime Minister, sent a cable which has been referred to already and which indicated that he had taken Major Hahn under his wing to the extent of representing that he was Canada's representative in this particular Bren gun matter.

Mr. MACKENZIE KING: May I just direct my hon. friend's attention to the fact that the cable to which he refers as having been sent by myself was sent in reply to a cable to me from the high commissioner? It was not sent as a result of a cable from anyone else. The high commissioner cabled to me and there was a reply within twenty-four hours as he would expect.

Mr. STIRLING: If I may turn to that page of the report for a moment.

Mr. MANION: That does not change the question at all.

Mr. STIRLING: I have said that immediately after the two cables from the hon. member for Trinity were sent, the Secretary of State for External Affairs sent the cable referred to.

Mr. MACKENZIE KING: My hon. friend has before him the report of the commissioner and he will see that the cable which the Secretary of State for External Affairs sent was sent on November 10. It was sent in reply to a cable which had been received from the high commissioner on November 9, the day before. So far as cables from any other source were concerned, they had nothing whatever to do with my reply. I had no knowledge of them and could not have.

Mr. MANION: Except that the right hon. gentleman by his cable made Major Hahn the representative of the Canadian government.

Mr. MACKENZIE KING: Not at all.

Mr. STIRLING: I do not follow the Prime Minister's interjection. My statement is true in fact. The hon. member for Trinity telegraphs the Minister of National Defence and his deputy minister on November 9, and the Secretary of State for External Affairs cables the high commissioner on November 10.

Mr. MACKENZIE KING: Connected in point of date.

Mr. STIRLING: I never said there was any connection between the two but in point of date.

Mr. MACKENZIE KING: But—

Mr. STIRLING: Allow me to make this speech. I make the statement that immediately after these two cables came the cable from the Prime Minister to which I am referring.

Mr. MACKENZIE KING: But my hon. friend will not say that the cable to which I replied was a cable from the high commissioner. My cable was to the high commissioner, and had nothing to do with any other cable.

Mr. STIRLING: I have not been suggesting that it was to the high commissioner, the hon. member for Trinity or anyone else. I merely drew attention to the fact that immediately afterwards, in point of chronology, the Prime Minister's cable went to London. The Prime Minister took this selected, favourite contractor under his wing as Canada's representative for the Bren gun.

Mr. MACKENZIE KING: No, my hon. friend is not accurate when he says "as Canada's representative for the Bren gun," because the cable read:

> You might request war office to give Major Hahn, as representing Canadian government in this particular—

Just one particular question.

Mr. STIRLING: And that was the Bren gun.

Mr. MACKENZIE KING: It continues:

> —any information which they consider desirable and necessary to enable national defence to reach conclusion on possibility produce Bren gun in Canada.

Not to give Major Hahn any contract.

Mr. MANION: What was the object of the introduction?

Mr. STIRLING: Mr. Speaker, am I making this speech or am I not? The Prime Minister has introduced this interruption four times now, and everything I have said so far has been absolutely accurate.

Mr. EULER: With a wrong inference to be drawn.

Mr. STIRLING: Then I am very sorry for my hon. friend's mind. I am not suggesting any inference whatever in the matter. Canada's representative "in this particular" is referred to in this cable; "in this particular" refers to matters connected with the Bren gun, and Major Hahn had gone to London, as shown by the letter from the deputy minister of national defence to the high com-

missioner for the purpose of going into matters connected with the Bren gun, to ascertain the possibility, speed, and so on, with which they could be made in Canada. There has been no inaccuracy in my statement.

We reach then the position that the Prime Minister has taken up in that cable, and I find it extremely difficult to equate the Prime Minister's position in this matter with the position that I have understood him previously to take in this matter of contracts, profits to be made from contracts, and particularly profits to be made from munitions contracts, because in his statement to the house in April, 1937, which was the first session of parliament after these events began to occur, he told the house:

. . . the government is proceeding on the theory of permitting competition with reasonable remuneration, the work to be subject to inspection and audit.

By taking Major Hahn under his wing, the contractor that the minister had selected and had made favourite in this matter, the Prime Minister is shutting the door on competition. I find it very difficult to make these varying views of the government fit.

Mr. MANION: They do not fit.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. STIRLING: Just before six o'clock the Prime Minister (Mr. Mackenzie King) was interjecting into my remarks his views with regard to the cable sent by the Secretary of State for External Affairs to the high commissioner on November 10, and I think I understand now what the right hon. gentleman was referring to. He took it that I was connecting that cable with the one sent by the hon. member for Trinity (Mr. Plaxton). That was not at all my intention. I was dealing merely with the matter chronologically. Whereas these cables were of November 9, this was the tenth; and the Prime Minister is quite right in pointing out that his cable of November 10, sent from the Secretary of State for External Affairs, was in reply to the cable of November 9, which he had received from the high commissioner.

Let us see how the Prime Minister's cable answered that of the high commissioner. The high commissioner, after referring to a wireless message from the Department of National Defence with regard to the possibility of producing the Bren gun in Canada, cabled the Secretary of State for External Affairs in order to obtain information:

In order to obtain information desired war office must be requested to give Major Hahn, as representative of the Canadian government, access to information of a secret nature, which normally is not given to other than government officials.

The Secretary of State for External Affairs, the Prime Minister, replying to this cable of November 9, acknowledges receipt of it; says that he had discussed the matter with the Minister of National Defence (Mr. Mackenzie), and continues:

You might request war office to give Major Hahn, as representing the Canadian government in this particular—

And so on. I do not know in what way that will assist the Prime Minister in the position which he occupies, but it is quite correct that the one cable was in reply to the other.

I want to turn once more to the position occupied by the minister with regard to his choice of Major Hahn; for the first mysterious part of this whole mysterious question is: How and why was Major Hahn selected? I drew attention this afternoon to the fact that the minister, in the house in the session of last year, had replied to me that the Bren gun contract was one of the results of the work of investigation of the committee of inquiry into industrial possibilities, which certainly led me to suppose that as a result of the committee's inquiries Major Hahn had been discovered. I am afraid that after reading the contents of this report I cannot any longer hold that view.

I want now to draw attention to the position taken by the interdepartmental committee. The Prime Minister, just about the time he sent that cable to the high commissioner requesting that Major Hahn be selected as Canadian representative "in this particular", came to the conclusion that it was desirable to have a special committee set up which should inquire into the existing procedure for letting armament contracts. That was an important committee, the chairman of which was Doctor Skelton, and there were various most responsible members of the civil service thereon. It reported in a very few days that "the problem appears to be essentially an administrative one," and that seems to dismiss the special committee. In consequence of that report, what is known as the interdepartmental committee was created by the government by order in council on a certain date mentioned, and the Minister of National Defence was its chairman.

It is interesting to note that this interdepartmental committee did not hold its first sitting until just one year after the Prime Minister had made up his mind that a special committee was necessary, and at that first

sitting, to quote from the report in which the commissioner refers to the evidence of Mr. Elliott, the latter said:

The committee began to take an active part in the sense of asking questions, and getting to grips with the problem. In so doing the committee indicated that competitive bids should be one of the main considerations, and one of the first considerations. We pointed out that there was a number of very substantial subsisting companies in Canada that were manufacturing precision tools, and had had experience in what we thought was this line of work. We felt that they should be consulted and given an opportunity to submit competitive tenders. . . . The committee also thought there would be considerable time required for further consideration of the contract.

Mr. Elliott went on:

It early became clear to all members of the committee that there were two phases under consideration. One phase was that there might be competitive bidding . . . The second phase was the study of the terms of the contract in itself.

The committee therefore appointed a subcommittee of three, of whom only one was a member of the original committee, for consideration and study and report. Mr. Elliott said:

We recognized that we did not have the time to go into the necessary details to bring out the information in the form that we should have it. Therefore we simply asked this subcommittee to act as a sort of specific informer in connection with the terms of this contract and such other thoughts as might come about in the analysis of the contract for our guidance in considering this matter as a committee.

The subcommittee made its report a few days later, and that report contained in part the following:

Having in mind the main committee's suggestion that competitive bids be called for, the subcommittee, as an indication only of the names of concerns from whom competitive bids might be asked, mentioned—

The Steel Company of Canada
Dominion Bridge
Canadian Car and Foundry Company, Limited
Bertram Company
National Steel Company

and possibly automobile manufacturers who undoubtedly have suitable plants and precision tools, together with such others as, in the opinion of the main committee, might be asked to tender.

And then the subcommittee proceeds to deal with the details of the contract.

The second meeting of the interdepartmental committee was held on January 24, 1938, and Mr. Elliott was asked:

Q. What was the main subject of discussion at the second meeting, Mr. Elliott?

A. Competitive bids and why the John Inglis Company should get this contract, the financial status of the company and a number of other things.

The committee wanted to get price comparisons from other competent companies. They felt the lack of them in considering this individual contract. They kept urging for some method of competitive bidding and comparative prices being entered upon.

Again I remind hon. members that the minister's investigating committee of inquiry had by that time unearthed a considerable number of firms in Canada capable of taking on this very work. But Major Hahn was the selection.

The deputy minister, as chairman of the meeting said he felt

that while competitive bids are always desirable, in this case there was a record of a substantial saving, a potential saving to the government, and that, together with the pressure from the war office for action, to get on with the job, we should enter into consideration of the terms of this contract with the Inglis Company.

And then Mr. Elliott refers to the fact that because of his official connection with income tax affairs he was aware of certain difficulties which the old John Inglis Company had met with. Mr. Elliott continued:

The chairman indicated that he had an understanding—exactly how it was acquired I do not know—from England that they would not deal with any other firm.

Pressed as to exactly what was said, Mr. Elliott put it this way:

"I said as a statement of fact that the chairman stated to us that he believed, or he was of the opinion, whichever you wish to put it—he believed that England would not place the contract with any other company in Canada.

Mr. Elliott said that the suggestion was then made that a cable be sent to England to ascertain definitely England's position in respect of competitive bids.

The chairman pointed out that to ask such a question at this juncture might endanger the placing of the British order, and endanger thereby the loss which he obviously was anxious to save Canada in the cost of the machinery and equipment. . . The form of the cable was then drafted."

And we know the cable was amended with the subsequent approval of the committee, and was sent.

Then the deputy minister happened to meet Major Hahn in Ottawa. He had not been called before the committee, but at Major Hahn's suggestion the committee had been continued. Major Hahn unexpectedly goes to England, and is back on February 18, before the third meeting of the committee. That was February 25. Mr. Elliott said:

The committee then swung into the repetition of this statement, namely the fact that competitive tendering had not been entered into by three or four companies capable of manufacturing guns and that that was one of the main objections still tentatively retained by members of the committee.

An important matter then developed, so far as the committee was determined by the chairman indicating that responsibility for the way in

which this particular company had been selected necessarily rested with the Department of National Defence.

Mr. Elliott said that the chairman—the Deputy Minister of National Defence—pointed out that—

his department had followed the practice of the British government where competition is not always obtainable, and they unhesitatingly go into non-competitive contracts in order to secure their requirements. In this particular case the British government had picked the firm to manufacture its guns.

By the Commissioner:

Q. Just a minute; the British government had done what?
A. Picked the firm.
Q. In this case?
A. Yes.
Q. In this case the British government had done that?
A. Yes, that in this case the British government had picked the firm to manufacture guns, and that they had made the best possible deal with that particular firm.

Then Mr. Elliott described how that completely reorientated them in respect to the whole matter. The interdepartmental committee assumed that the Department of National Defence took at least that onus off its shoulders. I would remind hon. members that the minister in his evidence said that he made himself responsible for all the doings of his officials; that he accepted the reliable supervision of men in whom he had absolute confidence, and that he was leaning on the recollection that he knew that in the end the whole situation was to be thoroughly reviewed by the subcommittee of the interdepartmental committee. Yet the work of the interdepartmental committee at meeting after meeting was to the effect that they were not satisfied, and were not going to let the matter go because they were not satisfied. Once again the committee wanted to cable to London; they wished the cable definitely to ask the war office, "Do you adhere to the view that you must deal with that selected contractor or not?" That cable was never sent.

The motion is to refer this matter to the committee on public accounts. I have already indicated that I would have absolutely no faith in that treatment of this matter. I wonder whether in this regard members of the government recollect, as I certainly believe they must, that the Prime Minister and his 179 followers in this house occupy those seats under the sufferance of 46 per cent of the electors who voted Liberal in 1935, and that 54 per cent of those who voted in 1935 voted against Liberal candidates.

Mr. DENTON MASSEY (Greenwood): Mr. Speaker, I had hoped to be able to speak on the amendment to the motion which was moved by my honoured leader (Mr. Manion). But as you, sir, have reserved your opinion on this matter, I am forced to speak to the motion itself, which is to refer the matter of the Bren gun contract to a standing committee of this house. I am sure that all hon. members have noted the almost acrobatic willingness of the Prime Minister (Mr. Mackenzie King) and the Minister of National Defence (Mr. Mackenzie) to have the motion of the hon. member for Vancouver North (Mr. MacNeil) carried, and thus to have another extensive and expensive investigation conducted, which in the opinion of many of us would be a great redundance. Last autumn there was a most thorough investigation by a royal commission presided over by no less a gentleman than a judge of the Supreme Court of Canada. The inquiry was characterized by the virtue of completeness, and that virtue is best expressed in the words of Mr. Justice Davis himself at the conclusion of the report, when he says:

All the sittings of the commission were public and your commissioner was pleased to hear counsel characterize the inquiry, at its close, as "a most searching and thorough inquiry."

Mr. Justice Davis states at the commencement of his report on page 4:

Your commissioner has had the assistance of the Honourable J. L. Ralston, K.C., Mr. L. A. Forsyth, K.C., and Mr. Jacques Dumoulin, K.C., appointed by the government of Canada as government counsel and to assist the commission; Mr. Aimé Geoffrion, K.C., and Mr. J. C. McRuer, K.C., who appeared for John Inglis Company, Limited; Mr. I. F. Hellmuth, K.C., who appeared with Colonel Drew, representing both Colonel Drew and the Maclean Publishing Company Limited which published the article in *Maclean's* Magazine which gave rise to this inquiry; and Mr. H. F. Parkinson, K.C., who appeared for the legal firm of Messrs. Plaxton & Company and for Messrs. Cameron, Pointon & Merritt.

The commission opened on September 19, 1938, and concluded on Thursday, November 24, 1938. The taking of testimony and the argument of counsel occupied thirty-six days.

Then later:

Your commissioner is satisfied that all available documents in any way relevant and material to the subject matter of the inquiry were presented to the commission.

The evidence taken before your commissioner extended to 4,122 pages of stenographic notes besides the documentary evidence, which was filed in 388 exhibits, and the argument of counsel was extended in the stenographic notes from page 4123 to page 4711 inclusive, all of which is returned herewith.

It is obvious that in the opinion of the learned justice the whole matter of the Bren gun contract has already been thoroughly threshed out; that the evidence compiled, as well as the report of the royal commission itself, are available to this parliament, and

that any further investigation is merely unnecessary repetition at the public expense. I absolutely agree with the commissioner that there is no need whatsoever for this matter to be referred to a committee of this house, standing or special; that the evidence at hand supplies all the information necessary to any action which this house wishes to take in this matter. Let it be further borne in mind that on page 35 of the report the commissioner states:

> The facts are all in evidence; and as said by government counsel in opening their argument:
>
> So far as the facts are concerned, there are very few which are even in dispute.
>
> I cannot myself recall at the moment any fact to which direct proof was adduced that is in dispute. It will be for those charged with the responsibility of dealing with the facts, i.e., the government and parliament, to examine and study them and to take such action, if any, thereon as they may see fit.

Also on page 49 of the report:

> The contract is not for a fixed sum: it is on a cost plus basis. It is admitted that we do not know how much the guns are going to cost. There are of course adequate powers of inspection, supervision and control vested in the department under the contract and with the estimates from Enfield of what the guns there are costing it should be possible to keep actual costs here well within bounds.
>
> No substantial objection can be taken in my view to the provisions of the Canadian contract; though in the absence of any competitive bids or terms of manufacture I am unable to pass upon the substance as distinct from the form of the contract. It is important, of course, that the contract be a good and business-like contract; but what is more important after all is whether the procedure adopted in making the contract was that best calculated to protect the public interest and to secure the confidence of the people of Canada that there would be no improper profiteering in the private manufacture of war armaments for the defence of the country.
>
> That is a question upon which the government and parliament, in the light of the evidence brought before the commission, must pass.

It is obvious then and beyond argument that Mr. Justice Davis considers that parliament may act upon this matter with the information at hand and feel fully satisfied that they are possessed of all the important factors relative to this unfortunate situation.

A study of the evidence and the commissioner's report reveals facts which, with the procedure followed up to the time of the signing of the contract itself and the nature of the contract, fully justify the amendment to the motion which was introduced this afternoon and which is still before the house, to the effect that the contract signed between the Canadian government and John Inglis Company Limited should be forthwith cancelled.

Let it be borne in mind that the Bren machine gun is an instrument of war, invented in Czechoslovakia and further developed to conform to British conditions. The agreement between his majesty's governments in Great Britain and the dominions for the manufacture of this gun for his majesty's forces at home and abroad covered not only the gun itself but the tripod and the filling machine as accessories. One of the conditions of the agreement is cited by Mr. Justice Davis at page 5 of the report:

> . . . such manufacture shall be in a factory operated by the government in question.

Also in a memorandum dated June 3, 1936, from the director of mechanization and artillery in the Canadian Department of National Defence to the master general of the ordnance, it is further stated:

> The privilege of so doing (i.e., production in Canada) was vouchsafed to the Canadian government by the War Office when it acquired the rights of manufacture from the patentee, the only stipulation being that such production must take place in a government-owned factory.

That is also on page 5. The Minister of National Defence and his deputy have stated what they consider to be their reasons for departing from this procedure; but the two reasons given, first, the vast expense to the Canadian government for the erection of plants for the manufacture of this gun, and, second, that Major Hahn was the only gentleman with whom the British government would deal, have fallen down miserably and have been found to be hopelessly unfounded! Thus perforce we should return at once to the highly desirable position of manufacturing these guns free from private enterprise and the obvious feature of profit to individuals in the manufacture of arms. Later in the course of my remarks I plan to deal more fully with that point.

Now to return to the contract itself. In the article by Lieutenant-Colonel George A. Drew which appeared in *Maclean's* magazine in its issue of September 1, 1938, various statements were made in regard to the contract which were not contradicted or disproved in any shape or form by the prolixious evidence given by the various witnesses at the inquiry. Let me quote a paragraph or so, starting at page 2 of the article:

> It is true that there is a provision in the Canadian and English contracts which appears to limit the profit to ten per cent with an over-all limitation of $457,000 for the 12,000 guns covered by the two contracts, but there is another provision which overcomes that limitation. Section 6A provides that when the company is in production a "standard cost" for each gun shall be agreed upon, based on the costs up to that time. If after that

time costs are reduced below that standard cost, the company shall receive one-quarter of the difference, in addition to its other profits. As the costs during the experimental stages are bound to be higher than when normal production has been reached, it is clear that this is likely to add a very substantial figure to the profits.

Was that statement disproved? It was not. Then again:

Agreements providing for production on a "cost plus" basis are not at all unusual. But many of the items on which the ten per cent profit is allowed in this contract are extremely unusual. Profit is in no way limited to actual factory costs. For instance, the government pays the salaries of executive officers of the John Inglis Company Limited, although their activities are not confined to the manufacture of machine guns. It also pays travelling expenses, and under the contract Canada would pay two-thirds of the cost of travelling which might be necessary to England or Czechoslovakia, where the gun originates. Not only that, but both salaries and travelling expenses are paid by the government from the date of the contract whether any machine gun is ever delivered or not. It is doubtful if such a contract ever was signed in Canada before. But even that is not enough. The company receives from the government as part of its "cost plus" profit, ten per cent of the amount of these salaries and travelling expenses from the date of the signing of the contract.

Other unusual items to be paid by the government, and on which ten per cent profit is also to be paid, are legal fees; telephone, telegraph, and other office expenses; cost of light, heat and power; of all plant alterations (including even the cost of removal of any or all machinery which may ever be removed), and the cost of all tools, dies, jigs and gauges, whether bought from the company or manufactured by the company itself, if they are to be used in the production of Bren guns. Nothing is forgotten. The government even pays for all cartridges and explosives used in testing the guns before delivery. The government, or rather the Canadian public, pays everything, and then pays a profit as well to the company of ten per cent of the amount of these already remarkably generous payments.

The least that can be said is that the contract is extremely favourable to Major Hahn and his company. Even if the contract is cancelled before the company gets into production, the company will receive $43,750.

If the contract is cancelled to-night, Major Hahn and his associates receive $43,750!

The reason for this generosity is not given. As the government pays all costs of installation of machinery, of the machinery itself, and even of its removal, as well as profits and salaries in the meantime, the public might be inclined to think that it had already done enough for Major Hahn and his company. But the contract says that there must be a substantial profit in any event.

Has any one statement of those I have just read been disproved?

Mr. MACKENZIE (Vancouver): Yes.

[Mr. Massey.]

Mr. MASSEY: It was not. I have read the evidence, and it was not. May I ask the minister what statement was disproved?

Mr. MACKENZIE (Vancouver): Three of those statements were disproved. I shall deal with them later on.

Mr. MASSEY: I see; that is very interesting. I will admit that the profit feature was changed after this article came out, if that is what the minister means. Certainly that was changed, and I shall come to that in a moment.

Let me read further from the same article:

There are several other interesting features of this contract. For instance, the Inglis Company Limited is to be equipped not only for the production of Bren machine guns, but also for the production of Enfield rifles and other small arms. In each case every cent of cost of machinery and installation is to be paid by the public. That being the case, the public has the right to know what the plans of the department are for the purchase of rifles and other small arms to replace the obsolete weapons with which our forces are now equipped. As the cost of 200,000 rifles, which would be our approximate requirements, would be at least five million dollars, further interesting prospects of profit are opened to our new armament producers.

Another provision which requires some explanation is the undertaking by the government to grant a licence for the manufacture of the Bren gun for a period of ten years, although the contract calls for the delivery of all the guns now ordered within five years and four months. There must have been some reason for granting the licence for the longer period and making it renewable at that time. Is this contract only for part of orders the government intends to place? If so, what further orders are contemplated As the Canadian public will be paying for any further guns it has the right to know.

Was any statement therein contained contradicted by evidence given at the inquiry? The minister remains silent. Was any statement there made shown to be in error? It was not. The minister remains silent again.

Some hon. MEMBERS: Oh, oh.

Mr. MASSEY: I am sorry; I did not wish to take advantage of the minister, but he could not have answered in any other way. It is evident, then, that in connection with this contract there are some very unusual, unfortunate features which, to say the least, are open to serious criticism. It is not without peculiar significance that immediately after the appearance of this article, as I said a moment ago, the contract itself was altered. We find that statement at page 42 of the report:

During the last week of August, 1938, an advance copy of Colonel Drew's article that was to appear in *Maclean's* magazine came to the attention of the deputy minister and other

department officials. As a result of a conference with Major Hahn in Ottawa at that time a letter was taken subsequently from the company (exhibit 43) dated September 3, 1938, fixing the amount of the maximum overriding profit accruing to the company under the contract; the provision in the contract being thought susceptible of a construction by which the company might get a larger profit.

It is extraordinary, is it not, that so important a change in a contract was made only and immediately after the appearance of an article which was damaging and which proved to be absolutely accurate, an article which appeared in a national magazine of wide circulation.

Mr. Speaker, I am one of the newer members of this house. I have not had the long and hoary parliamentary experience of many hon. members here.

Mr. BERTRAND (Laurier): The hon. member is doing very well.

Mr. MASSEY: I thank my hon. friend. Perhaps my idea of this chamber and its functions is too altruistic and too pristine; but for the three sessions I have had the privilege of sitting in this chamber I have been under the impression that our deliberations should have been characterized by an effort, on the part of all of us who take part, at frankness and straightforwardness and that no attempt should be made by any hon. member, let alone a minister or the Prime Minister, to mislead the house; that questions asked in the public interest should be answered in the public interest; that inquiries of a minister should be answered accurately without any attempt to mislead. I have always felt that, and have accepted the answers by the ministers to questions upon the order paper as being predicated upon that basis. It may be I have assumed that position because I am naive in this house, but I have at least that hope for our deliberations.

But, in the matter of the Bren gun there have been statements made and answers given to questions submitted by hon. members that have certainly misled the house. The Minister of National Defence states with some heat that his statements in answers to questions have been "honourably, honestly and truthfully" made. I want him to understand that I do not challenge that for a single moment; but I do say to him that, as one reviews his statements of last year in the light of the evidence submitted to the royal commission, it is obvious that either one of two things has happened: First, that he has been victimized by a lack of information—which is his own fault—or, second, that he himself has been misled—which also is his own fault. So it is his own fault in either case.

Let me review the sequence of events in this house towards the end of last session relevant to this matter. In a copy of *Hansard* of June 22, 1938, on page 4118, I read:

Mr. Woodsworth:

1. Was Major James Hahn appointed by the Canadian government to go to England in 1937 and 1938 to make a survey of munitions production for the purpose of advising the Canadian government?

2. If so, were his expenses paid by the Canadian government?

3. What were the terms of Major Hahn's employment?

4. At what date did Major Hahn cease to be employed by the Canadian government to advise on munitions and begin negotiating for production by him of Bren machine guns?

Mr. Mackenzie (Vancouver):

1. No.

2, 3 and 4. Answered by 1.

I admit at once that the answers of the minister to the questions I have just read are accurate, but poisonously accurate. It is obvious that the hon. member for Winnipeg North Centre (Mr. Woodsworth) was asking if Major Hahn had been a representative of the Canadian government. That was the question. Unfortunately, however, he specified 1937 and 1938, so the minister answered "No." Major Hahn was, however, until December 5, 1936, about three weeks before 1937, a representative of the Canadian government to the British war office. Thus I declare, that question 4 which I have just read, "At what date did Major Hahn cease to be employed by the Canadian government to advise on muntions and begin negotiating for production by him of Bren machine guns?" is not answered by the "No" which is given in answer to the first question. Major Hahn visited England subsequently to December 5, 1936. I should like to ask the minister, had the British war office been informed that Major Hahn was no longer the representative of the Canadian government? Was official word sent from his department subsequently to December, 1936, to the British war office that Hahn had ceased to be the representative of the government?

Mr. MACKENZIE (Vancouver): If my hon. friend had studied the evidence, which unfortunately he has not, he would find that the answer is there.

Mr. MASSEY: I have studied the evidence very carefully, too carefully for the minister.

I found no evidence that the British war office was officially informed that Hahn was not a representative of the Canadian government.

Mr. MACKENZIE (Vancouver): There is definite evidence in the record asking the Canadian government subsequently to send a definite representative of the Canadian government to the negotiations.

Mr. MASSEY: Yes, I shall come to that. In the eyes of the British war office Major Hahn continued to be the representative of the Canadian government in all his trips to England. He was received accordingly and was treated as such. Therefore I say that the answers given to the questions of the hon. member for Winnipeg North Centre are grossly misleading and should at least have been qualified by a statement of the Minister of National Defence when submitting his answer of June 22, last.

The opinion I have just expressed is that of a new member of this house; and lest I be accused of presumption or lack of knowledge, let me read to the house an editorial appearing in a newspaper which I do not think any hon. member can question is virtually the organ of the Liberal party in the prairie provinces. Certainly the Winnipeg *Free Press* could never be accused of Conservative tendencies; it could never be accused of supporting the Conservative party; nor has it ever disclosed any such desire. I have in my hand an editorial taken from the Winnipeg *Free Press* of October 27, 1938, headed "Mr. Mackenzie's Evidence":

There will be no satisfaction and much regret over the remark made by the Hon. Ian Mackenzie, Minister of National Defence, during his evidence before the Bren gun inquiry, that he was satisfied the statements he made in the House of Commons were correct. The fact is that very essential information was withheld from the house, which rose without the faintest idea of the most important circumstances surrounding the letting of the contract to Major Hahn.

This was hardly the fault of the members of the house. Various men made strenuous efforts to get at these facts. They failed because Mr. Mackenzie eluded them by making replies which, though perhaps technically justified under the rules of the house, were not justified at all when the public interest is considered.

Later in the same editorial:

On the same day that he "answered" Mr. Woodsworth's question he told the House of Commons this:

"I want to assure my hon. friend that there was not the slightest intention to misrepresent the situation . . . There was not the slightest intention to suppress nor was there a suppression of any information in the slightest degree."

Twelve days later, on July 1, he went back over ground he had covered before, and recited his explanation of how Major Hahn got the contract. This has already been quoted by the *Free Press*. It is worth repeating once more:

"Major Hahn went to England in 1936 and evidently made a favourable impression upon the British people. He also had access over there to the specifications of the Bren gun. I want to leave the idea with the committee that these are secret specifications and we had no control over them. It is quite possible they would not be available to any competitor of the firm that got the contract."

Consider these two statements were quoted, and consider the facts as they have since been brought out. We have Mr. Mackenzie's assurance that nothing whatever has been suppressed. Then we have his statement about Major Hahn's stand-in in London and the drag he had with the war office. Is there anything here to suggest to anyone that Major Hahn got the inside track because he was put there officially by the defence department? Is there anything on the record of *Hansard* to show that Major Hahn was treated by the British war office just as one more Canadian promoter until cabled instructions were received to consider him an official representative?

The impression Mr. Mackenzie left on the house—and it is difficult to imagine that so practised a debater would leave an impression on his audience other than that he wanted to leave—was that, quite independently of the Canadian government, Major Hahn had made "a favourable impression upon the British people." We now know, of course, how that came about. Major Hahn "had access to the specifications for the Bren gun." How did he get them? We now know, though the House of Commons did not. "It is quite possible the specifications would not be available to any competitor." We should say not; not after all the Department of National Defence had done for Major Hahn! But did Mr. Mackenzie breathe a word of all this to the House of Commons? Not one word. Why?

Mr. MACKENZIE (Vancouver): He had nothing to do with that. That is what my hon. friend does not know yet.

Mr. MASSEY: I know, as I said a moment ago, too much. I know I sat in the House of Commons last session; I listened to the statements of the minister; I left this chamber without any idea that any condition such as this existed, and I based my opinions on the minister's statements, in which I had confidence.

Mr. MACKENZIE (Vancouver): Does my hon. friend say that our Department of National Defence have control over these specifications?

Mr. MASSEY: They seem to have had a great deal of control over the specifications. I have read the evidence and that is why I make the statement I do. I have in my hand *Hansard* of July 1, 1938. I turn to page 4523, on which Mr. Bennett is reported as follows:

Mr. Bennett: The second point I desire to raise is much more serious. It has to do with whether or not we should have the private manufacture of arms in this country. The

real truth is that the papers brought down, dealing with an agreement in connection with the manufacture of Bren guns, contemplates a profit of ten per cent.

Mr. Mackenzie (Vancouver): No. That is the outside limit, but it actually works out much less.

Mr. Bennett: I should say they contemplate a possible profit of ten per cent. Time after time we have had discussions with respect to that matter; articles and indeed volumes have been written as to the evil effects of this practice upon the general life of the country. Yet we have made a bargain with a private enterprise, through a man untrained in this particular job, who has nothing to do with manufacturing, who has taken the old, second hand machinery of the John Inglis Company, which everyone in Toronto knows is obsolete, and to that we have added about $250,000 worth of our own machinery.

The minister states that the contract does not contemplate a profit of ten per cent. His actual words were, "That is the outside limit, but it actually works out much less." How can the minister possibly defend that statement under the terms of the contract itself? It is not there in the contract.

Mr. MACKENZIE (Vancouver): That was in the evidence.

Mr. MASSEY: It was not in the contract when the minister made that statement in the house because that very point was altered in the contract on September 3, 1938.

Mr. MACKENZIE (Vancouver): That is an entirely untruthful statement. The evidence of Mr. Sharp before the royal commission was that the profit was only 7·76 per cent.

Mr. MASSEY: Does the minister say the report is untruthful? There was the statement which I read a moment ago.

Mr. DUNNING: Read where it says the contract is changed.

Mr. MANION: Thanks to George Drew's article, it was changed.

Mr. MASSEY: I quote again from the report:

> During the last week of August, 1938, an advance copy of Colonel Drew's article that was to appear in *Maclean's* magazine came to the attention of the deputy minister and other department officials. As a result of a conference with Major Hahn in Ottawa at that time a letter was taken subsequently from the company (exhibit 43) dated September 3rd, 1938, fixing the amount of the maximum overriding profit accruing to the company under the contract; the provision in the contract being thought susceptible of a construction by which the company might get a larger profit.

What is the matter with the statement being made that the company got a larger profit?

Mr. DUNNING: That was not the language used by my hon. friend. He said the contract had been changed, but the commissioner does not say that.

Mr. MASSEY: It certainly has been changed by letter.

Mr. LAPOINTE (Quebec East): Poisonously inaccurate.

Mr. MASSEY: Poisonous to the contract. The words are, "the provision in the contract being thought susceptible of a construction by which the company might get a larger profit." Does that mean the contract was changed or was not?

Mr. MACKENZIE (Vancouver): No.

Mr. MASSEY: Then the contract is worse than I thought it was if that has not been changed. Of course it has been changed. I quote again from page 4523 of *Hansard* of last year, Mr. Bennett speaking:

> . . . machinery of this kind is entirely obsolete, that long since its obsolescence has been such that it would be no longer regarded as satisfactory for the purpose.
>
> Mr. Mackenzie (Vancouver): I may say that the technical advice is to the contrary in regard to this particular machinery.

The evidence produced before the commission disclosed that the resident inspector, aircraft inspection detachment, at Toronto, made a report which appears in part on page 22 of the report of the commission. I quote:

> This plant is primarily equipped for the manufacture of boilers, turbines and the working of heavy plate generally. All equipment is in reasonably good condition, considering the length of time it has been in use.

In other words, it is fine machinery for the shape it is in. The report continues:—

> The machinery at present in this factory with few exceptions, is unsuited for the manufacture of aircraft, but it might be used for the manufacture of tanks or shells.

Precision work to limits of one ten-thousandths of an inch is to be done in some instances, and yet we have machinery to be used in the manufacture of tanks and shells.

Mr. MACKENZIE (Vancouver): Surely my hon. friend knows that machinery is not being used for the manufacture of Bren guns.

Mr. MASSEY: The report continues:

> There is no design staff at present employed and the total number of work men now employed consists of three men as factory maintenance staff.

Now what is the question?

Mr. MACKENZIE (Vancouver): Surely my hon. friend knows that the machinery referred to in that report of October, 1936, is not being used to manufacture Bren guns.

Mr. MASSEY: I hope not as I have seen it.

Mr. MACKENZIE (Vancouver): It could not be.

Mr. MASSEY: That goes back to the letter from our hon. friend, the member for Trinity (Mr. Plaxton) about his fully equipped plant.

Mr. MACKENZIE (Vancouver): There was no plant in Canada equipped to manufacture Bren guns.

Mr. MASSEY: There was and is plenty of precision machinery in Canada. Like the hon. Minister of Transport (Mr. Howe) I had the privilege of graduating in engineering. I have worked in machine shops and I think I know something of machine tools. There are plenty of machine shops in Canada capable of producing Bren guns. I am not a lawyer; I am an engineer. I make this statement in the face of what the minister said. A statement has been made which is shown to be unfortunately in error by the evidence submitted to the commission. Let me read again from *Hansard,* page 4524. The Minister of National Defence is reported as follows:

With reference to the contract for Bren guns, I want to say immediately that it is a very important question. I suggested myself very early this session that all these contracts could very well be examined by either the public accounts committee or a special committee of this house. I feel it is due to myself as minister, and to the department, that there should be a complete investigation from the business point of view, because I do say this, that from the business point of view this is one of the finest contracts that was ever signed in the public interest of Canada.

Mr. MACKENZIE (Vancouver): So it is.

Mr. MASSEY: "One of the finest contracts that was ever signed in the public interest of Canada." Does the minister say that to-day?

Mr. MACKENZIE (Vancouver): I certainly do, and it never was challenged for one second before the commission.

Mr. MASSEY: That is all I want to know. I just want to have that on record. Then the minister goes on, as reported on the same page:

I want to say in the second place that the minister cannot take the slightest credit for the contract, and the minister never sat in on any of the consultations, and never met Major Hahn until after the contract was signed. The contract was discussed by an interdepartmental committee which was formed about two years ago.

The evidence given before the inquiry disproved that absolutely, for the minister claimed under examination that he did not remember the incident of meeting Major Hahn. Some hon. members may say that failure of memory on his part is a small matter, but I say it is no small matter in any way, shape or form. There is the fact that on October 9, 1936, Major Hahn was introduced to the deputy minister of national defence; and even though the deputy minister knew nothing about Major Hahn except that he had been introduced to him by the hon. member for Trinity, a secret Bren gun was sent to Major Hahn in Toronto for dismantling and examination. A secret war piece which had been given into the custody of the Canadian Department of National Defence by the British war office was sent to an unknown in Toronto for dismantling and examination. Does the minister deny that statement? Further evidence was brought forward to show that Major Hahn was introduced to the Minister of National Defence in his apartment in the Chateau Laurier on October 19, 1936. After five minutes the minister gave Major Hahn a letter which subsequent events proved served to pave the way for Major Hahn to become the accredited representative of the Canadian government to the British war office. He was accredited by the Prime Minister (Mr. Mackenzie King) himself. Let me read the letter, which appears on page 17 of the report. It is dated October 19, 1936, and is addressed to "Dear Mr. Massey." May I say that is not the member for Greenwood; it is the high commissioner in London. The letter reads:

The bearer of this letter, Major J. E. Hahn, D.S.O., M.C., is in England to investigate the manufacture of all classes of munitions and armaments. I am anxious that he be afforded every facility and access to enable him to ascertain and bring back complete manufacturing data and costs governing manufacture of munitions and armaments.

How can it be said that in connection with so vitally important a matter as the manufacture of the Bren gun, such an all-embracing document can be given to a private citizen and yet the experience be forgotten by the minister? The agility and facility of his brain have never been questioned in this house. The best thing that can be said is that here is a manifestation of the most extraordinary careless dealing and the most extraordinary disregard of public interest. Let me quote again from page 4524 of *Hansard,* the minister speaking:

Major Hahn went to England in 1936 and evidently made a favourable impression upon the British people. He also had access over there to the specifications of the Bren gun. I want to leave the idea with the committee that these are secret specifications and we had no control over them.

No control over them! Yet they were sent to an unknown in Toronto. I quote again:

It is quite possible they would not be available to any competitor of the firm which got the contract. I want to say this: Once we were informed by the war office of the attitude

of the British government we went into figures with the Enfield factory in England which produces those guns at the rate of fifty a week—

Here again is an extraordinary statement, that Major Hahn went to England, saw the British war office, was admitted to the Enfield factory and given the specifications of the Bren gun. That is a statement of fact. But how did this happen, and why did this happen? Why was it Major Hahn? Because Major Hahn was the accredited representative of the Canadian government, accredited by the Prime Minister himself; and with him, and with him only, would the British government deal. The British government did not deal with Major Hahn because they liked him or thought him to be the proper man as a result of their own opinion. The British government dealt with Major Hahn because, I repeat, he was the accredited representative of the Canadian government, and had received the benediction of the Prime Minister in this matter.

Mr. MACKENZIE KING: I hope that my hon. friend will not think, because I am not interrupting him every time he repeats that statement, that I agree with him every time he repeats it.

Mr. MASSEY: I am simply stating the facts, and there can be no mistake about that, because the evidence is right here in the report on page 24.

What is back of this? Major Hahn arrived in England, accompanied by the hon. member for Trinity (Mr. Plaxton) and his brother, Mr. Gordon Plaxton. Let it be said to the resounding credit of the high commissioner in London that he refused at first to accept Major Hahn or to pass him through to the British war office until he was satisfied that Major Hahn was properly credentialed, and a delay ensued during which the major became, in his own words, "very, very impatient." There were telephone calls and cables until at last a cable from the high commissioner in London was sent to the Secretary of State for External Affairs—in other words, the Prime Minister—and Mr. Massey was answered by the Prime Minister as follows:

Secret. Your cablegram 9th November 396. Have discussed matter with Minister of National Defence. You might request War Office to give Major Hahn, as representing Canadian government in this particular, any information which they consider desirable and necessary to enable National Defence to reach conclusion on possibility produce Bren gun in Canada. It is not desired to request furnishing of information on any article other than this gun.

Under such circumstances, Mr. Speaker, it is obvious, then, that Major Hahn was not accepted as the representative of the Canadian government when he first arrived in England; that later he was established as such by a cable in code from the Prime Minister; and it was then, and only then, that he was received by the British government and given secret information.

What is the significance of this? The significance is that upon this thin and slender thread, the all-embracing decision to depart from the policy of arms manufacture by the government to arms manufacture by private citizens for profit was arrived at by the Prime Minister, by the Minister of National Defence and by the Department of National Defence.

Let us now return to the evidence. The interdepartmental committee objected strenuously to going forward in this matter without competitive bids, but they were told by the deputy minister of national defence, who presided at the sittings of the interdepartmental committee, that the British government had picked the firm with which they were going to deal. Let me turn to pages 40 and 41 of the report, where I quote the commissioner:

Mr. Elliott said that the chairman (the deputy minister of national defence) pointed out that "his department had followed the practice of the British government where competition is not always obtainable—"

Mr. SPEAKER: I must inform the hon. member that he has exhausted his time.

Mr. MASSEY: I should like a moment or two, Mr. Speaker, to finish if I may, just one more sentence.

An hon. MEMBER: Just one sentence.

Mr. SPEAKER: With the consent of the house.

Mr. YOUNG: Mr. Speaker, I rise to a point of order. All during the debate on the address it became the practice of speakers to say that they would like to continue for just a little while; and the unanimous consent of the house having been obtained on the understanding that they would speak only a few sentences more, my observation was that they continued for a long time thereafter, thereby prolonging the debate. In this particular instance, lest I be misunderstood, let me say that I am not going to make any objection to the hon. gentleman continuing. I am rather enjoying the remarks he is making—he is adding nothing to the debate—but I do want to register my objection to the practice that is growing up of a speaker exceeding his forty minutes. The rule imposing a forty-minute limit should be observed or we should abrogate the rule.

Mr. MANION: On the point of order, Mr. Speaker, I should like to point out that while it is true that a number of members on this side of the house were permitted to exceed their forty minutes, many more members on the other side of the house were given the same privilege. I just want to have the record kept straight.

Mr. MACKENZIE KING: While everyone is contributing to this discussion, might I draw attention to the fact that there is a rule which says that newspaper articles should not be read in the house. The greater part of my hon. friend's speech has been taken up with quotations and reading editorials. If he had confined himself to oratory and left quotations alone, he would have had plenty of time.

Mr. MASSEY: In reply to the Prime Minister I turn to page 305 of *Hansard* where I find that the hon. member for Champlain (Mr. Brunelle) spent a good part of his time in quoting a rather objectionable article which appeared in *Saturday Night,* and he was not called to order. I also find that the hon. member for Jacques-Cartier (Mr. Mallette) as reported at page 208 of *Hansard,* read in full a most objectionable and unfair editorial in the Montreal *Gazette,* occupying two full pages of *Hansard,* and he was not called to order. The rules of this house apply to all members or to none.

Mr. LAPOINTE (Quebec East): I cannot understand the heat or passion of the hon. member for Greenwood (Mr. Massey). He was allowed to proceed and read his article.

Mr. MASSEY: Speaking further on the point of order, Mr. Speaker, I object to being singled out by the Prime Minister and reminded that I had been reading from editorials, when he made no mention of other members who had done the same.

Mr. SPEAKER: I always endeavour to put the rules into practice, but there are cases where unanimous consent is given to an hon. member to exceed his forty minutes. I am in the hands of the house as to whether the hon. gentleman should continue. I have always endeavoured to apply the rules fairly.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I have not the good fortune to know either Colonel Drew or Major Hahn. I am speaking now within my memory, and of course I might find myself eventually in the same position as the Minister of National Defence (Mr. Mackenzie), in that someone might have inadvertently introduced me to him, and so I may be corrected; but at the moment I do not know either of these gentlemen.

There has been a great deal of discussion about a very important question, namely, the defence of Canada, hinging largely on the names of these two particular individuals, more especially about the name of Major Hahn. I should like very much, before this debate is concluded, to be satisfied why so many members on the other side of the house hold such antagonistic views towards that gentleman.

Mr. MASSEY: I never expressed any in any shape or form.

Mr. MANION: I praised him.

Mr. GARDINER: The whole argument so far has revolved around the fact that this man got a contract from the Department of National Defence. The discussions which have taken place in connection with that contract were given rise to largely by an article which appeared in *Maclean's* magazine under date of September 1 last, which article by the way, Mr. Speaker, made no charges against anyone but did give expression to quite a number of insinuations which might be taken by the general public as indicating that there was something wrong, if no actual charges were made.

Very shortly after that article appeared, we had a commission appointed by the government to inquire into the insinuations which had been made and into the contract which had been entered into. After many sittings of that commission had been held; after the commission had found it unnecessary to subpoena any witnesses in order to get them to appear before the commission because all witnesses came quietly of their own free will when called upon to do so; and after they had listened to the evidence from day to day, the commission itself decided that there were no charges and no findings to be made, against any individual, and that there were no charges and no findings to be made in opposition to the contract which had been entered into. So that we are in the position, after having read the article in *Maclean's* magazine and after having listened to the evidence before the commission, where no proven evidence has been brought forward against either the contract itself or any individual who was associated with that contract or with the government or with departments of the government in negotiating the contract.

Then the hon. member for Vancouver North (Mr. MacNeil) presents to the house a resolution which calls for the placing of this

contract for further inquiry before a committee of the house. The government takes no exception to that motion. The government is quite prepared to have this contract inquired into to the heart's content of any member of this house or of any person outside this house, whether such persons are interested in newspapers or are other private individuals in Canada.

Well, the opposition—that is, the official opposition—comes along with an amendment in these terms:

In view of the evidence produced before the royal commission, the opinion of this house is that the agreement made between His Majesty the King, represented by the hon. the Minister of National Defence, and John Inglis Company, Limited, for the manufacture of Bren machine guns, should be cancelled.

We have before us at the moment an amendment calling upon the house to cancel the contract with regard to which even the article in *Maclean's* magazine has not made any particular charges; with regard to which those who appeared before the commission did not make any charges; with regard to which the commission itself did not make any charges. We are asked, rather than to send it for further inquiry to a committee of this house, to cancel that contract forthwith. Well, if that does not raise some questioning in the minds of hon. members as to what all the noise is being made for with respect to the individual Major Hahn, then I cannot understand what would raise that sort of questioning in the mind of anyone.

We listened this afternoon to a good deal of discussion beginning with the address of the leader of the opposition (Mr. Manion) with regard to this matter, and even yet I have to hear any condemnation of the contract itself from the individuals who have been addressing this house. They have insinuated certain things and drawn certain pictures, so to speak, using, in order to describe those pictures, certain terms which even members of this house do not understand. They have left inferences with regard to what the contract may have in it; but I repeat that no one has risen in his place and told us what the terms of the contract to which they take such serious exception are.

I wish to go over some things that have happened in recent months in connection with matters of defence to see if I cannot reason out for my own instruction the position with respect to this contract. I wish to indicate the position I have taken in connection with this contract from the beginning and the position which I hope the house will take with regard to it. There has been a great deal of discussion respecting what has appeared in *Maclean's* magazine, and the hon. member who has just taken his seat has quoted extensively from it. I shall not quote from it, but I wish to direct attention to the fact that at the end of that article there are some twenty questions stated in such a form as to leave the insinuation that something might be wrong in connection with the matters referred to in every one of those questions. In the centre of that group of questions, beginning with number three and extending to the end of question twelve—there is some reference to it in later questions also—there is a group of questions all of which refer to the activities of certain private individuals who had to do with the formation of a company in the city of Toronto which eventually got a contract for the manufacture of Bren guns. There has been a great deal of quoting of the report in order to try to indicate that certain statements made by the commissioner in his finding had to do with everything that is in this report. If hon. members will turn to page 30, they will find the following:

A large portion of the evidence—

Here let me point out that the part of the report which I am about to read is separated from what goes before by asterisks.

A large proportion of the evidence taken before the commission was in connection with the facts leading up to and the purchase of the assets of the old John Inglis Company by Major Hahn and his associates, the financial structure of the new company, the shareholdings of the new company, the consideration given for the allotment and issue of the shares of the new company, the incorporation and organization. . . .

And so on. Then at the bottom of the paragraph there is this reference:

Mr. Geoffrion, who appeared with Mr. McRuer for the John Inglis Company, stated that, for purposes of argument, Major Hahn and the John Inglis Company may be identical, because he was the spokesman of the company and the party in control. Mr. Geoffrion, relying upon sec. 13 of The Inquiries Act, R.S.C., 1927, ch. 99, argued that as no charges of misconduct had been laid or been formulated during the inquiry, no report against any person can be made by your commissioner.

Then later:

Mr. Geoffrion said:
No charges being laid, no report of misconduct or no report can be made against us, because there was no charge of misconduct, and no notice to us.

"Us" there refers to his clients; and as one reads through statement after statement by counsel who appeared before this commission, one finds that they are referring to private clients who retained them to appear before this particular commission. The finding is finally made by the commission that

in relation to these matters having to do with the formation of a company in Toronto, and with the individuals who formed the company, he is not making any findings because no particular charges were made against these individuals.

It should be clear to any member of this house that there are many things which he and I might wish to criticize with regard to the formation of companies from one end of the country to the other, companies dealing with the manufacture of machinery of different kinds, companies for the purpose of carrying on financial operations, companies for the conduct of many affairs. I could make many criticisms to-night from the floor of this house with regard to the formation of many such companies, but such criticisms would not have anything to do with many of the activities carried on by these companies when once they are set up, unless we are prepared in this house and elsewhere to change the whole company law of the country and make it impossible for people to set up companies under the forms which were followed in this particular instance.

It was proper for the commissioner on that occasion to make that reference, but it was entirely improper for the leader of the opposition this afternoon to say to the members of this house, and through the house to the people of Canada, that these statements were made by counsel on behalf of their clients apparently for the purpose of frightening the commissioner. I can think of no more slighting statement that could have been made against the chairman of any commission that ever sat in this country than to suggest that any counsel appearing for anyone could frighten the commissioner when making a finding in connection with this or any other matter.

Mr. MANION: I made no such suggestion, in any shape or form, about frightening the commissioner. I did quote Major Hahn's counsel, but I also quoted Colonel Ralston, the government counsel, who took exactly the same attitude.

Mr. GARDINER: I think when my hon. friend reads *Hansard* to-morrow he will find that he did convey the inference I have just stated. To say that when the commissioner was not in a position to make findings he drew pictures and placed those pictures on the wall before us so that we might come to our own conclusions—if that is not insinuating that the commissioner did not have the back-bone to give his own opinions in regard to this matter, I do not know what the hon. gentleman meant. I am not going to insinuate that the commissioner showed any such spinelessness in connection with this investigation. He carried on the investigation as it should be carried on; he brought down his findings as they should be brought down, and his findings give pictures quite different from those drawn this afternoon by my hon. friend. For example, my hon. friend spoke of the young gentleman who was sent to England to study the manufacture of guns, munitions and machines of war for the government of Canada. He read certain parts of the report of the commissioner in order to convey the impression to this house and this country that this young man was not capable of giving advice to the government in connection with that matter.

Mr. MANION: He admitted it himself.

Mr. GARDINER: Who appointed this young man? The government of which my hon. friend was a member appointed him in 1933.

Mr. MANION: Not in connection with Bren guns.

Mr. GARDINER: Well, turn to page 5 of the report and see what they appointed him for:

> Lieutenant Jolley, of the Royal Canadian Ordnance Corps, presently employed in the branch of the Master-General of Ordnance of the Department of National Defence, who received his technical education at McGill university where he graduated with honours in mechanical engineering in 1933—

Taking the same course as the hon. member for Greenwood (Mr. Massey).

Mr. MASSEY: Hear, hear.

Mr. GARDINER:

> . . . was sent to England in August, 1934—

Mr. DUNNING: Emphasize that date.

Mr. GARDINER:

> . . . was sent to England in August, 1934, to receive instruction at the Military College of Science at Woolwich to qualify him for the position of ordnance mechanical engineer. He took a year's course at the government instructional centre at Woolwich arsenal.

Then the commissioner goes on to say that they did not study small arms there; and he continues:

> From Woolwich he went to the royal small arms factory at Enfield, which is the government factory for the production of small arms in England. Here he was given the opportunity to have a prolonged tour through the various sections of the factory in order to obtain an intimate knowledge of the processes of the production of small arms generally. He spent a portion of the time with the cost accountant's branch and worked with the personnel engaged in obtaining the costs of the various components at that time going through the factory. The

period Lieutenant Jolley was at Enfield was from September 19, 1935, to July, 1936. At that time the royal small arms factory were engaged in preparing the design of tools—

My friend says we had the tools in Canada even before this time, but here is what is said:

At the time the royal small arms factory were engaged in preparing the design of tools and the methods of production which would enable them eventually to produce the Bren gun in relatively large quantities.

This young man was there when this study was going on for the first time in Enfield in order to prepare British mechanics and engineers to produce this gun in England.

He says that at Enfield his chief interest was in getting as much information as he could on the basic equipment of machines and tools which are required for small arms production generally.

Well, whether the young man was twenty-three when he went there or is twenty-nine now or whatever age he may be, every man in this house knows that every factory which is making articles from precision steel in this country to-day is employing young men from twenty to thirty-five or forty, years of age and after that age they let them go. Why? Because that kind of work is a young man's job. It is young men who are doing the work at the factory being opened in Fort William; it is young men right across this country who are being trained to-day in these very things, to make the machines, the aeroplanes and all the equipment which will be required in the next war, if it comes. That is a young man's job. As I said this afternoon, when other countries have been in the midst of great difficulties before, they have called upon young men; and if this country goes into a war it will not be the men over twenty-nine who will be conducting it, it will be the men under twenty-nine. Most of them will be around twenty years of age. It is therefore important that they should know something about the guns, how they are made, how they are prepared, and something about what is going to happen if this country ever goes into a war. There is one other thing—

Mr. MANION: Before the hon. member leaves that, would he read what the commissioner said at the bottom of page 35 about the young man?

Mr. GARDINER: My hon. friend read that this afternoon. I am not going to take time to read it again. I am giving the information in regard to the young man that appears on the first page—

Mr. STEWART: But the hon. member is not giving all that is in the report.

Mr. GARDINER: That information convinces me that the young man has had the training; seeing that my friends opposite appointed him, I assume he had the intelligence in the first place, and with the training he has had, he should know more about the Bren gun than any other man in Canada, whether he be an official of the department or of this company.

Then the commissioner goes on to say:

No contract for the purchase or production of the Canadian defence requirements of the Bren machine gun was made however until March 31, 1938.

On the next page of the report the commissioner goes on to deal with the statement made by an important official of the department at that time as to what would be a proper policy in Canada in connection with the making of munitions and machinery of war. The commissioner said:

There were read into the record extracts from memoranda produced by government counsel, made by the then Chief of the General Staff, Major-General E. C. Ashton, to the Minister of National Defence (exhibit 281). From a memorandum of January 27, 1936, the following:—

> Our greatest need is a proper arsenal capable of manufacturing up to 8-inch gun ammunition and large enough to supply our annual expenditure. We have no small arms factory and are therefore unable, as the Australians are, to manufacture rifles or machine guns. It was proposed to erect a small arms factory at Valcartier after the ammunition group had been completed; the majority of the necessary machinery is available from the old Ross rifle factory.

Well, I hope we are not going to be told that after the experiences of the last war those who designed the Ross rifle are capable of producing for Canada in the future that which we desire in the way of armaments. It requires something more than machinery, apparently, to produce a rifle which will work when used in the trenches. Our men who were in the trenches during the last war and were armed with Ross rifles made by this machinery of which they speak had to throw the rifles themselves at the enemy.

Mr. COLDWELL: How can the guns be any better?

Mr. GARDINER: Everyone knows that no particular success was made of making rifles at that time. Then the memorandum goes on to say:

There is no reason why suitable guns should not be manufactured in Canada and Canadian workmen receive the advantage of the expenditures which will be involved. As a

first requisite, the completion of the proposed arsenal, with facilities to manufacture a small number yearly, is of the greatest consequence. Once the manufacture has been studied and perfected the personnel trained in the government factory will be in a position to instruct and supervise the operations of civil firms to whom contracts could be let for further supplies.

That was the policy outlined by certain officials of the department in 1936. This system which was outlined by the officials of the department at that time would require a vast amount of money to put it into operation. I notice that the minister himself, appearing before the commission, said that certain parts of it would require an expenditure of some $35,000,000.

Mr. STEWART: That is for the whole of it.

Mr. GARDINER: It is not for the whole of it. I have no doubt that in order to carry to completion, over a term of years, the program which was outlined by the officials of the department at that time, it would cost this country not $35,000,000 but $200,000,000 or $300,000,000. And when this government came to the house during the first session of this parliament to ask for $25,000,000 for national defence, what was the position taken by the hon. member for Vancouver North (Mr. MacNeil)? What was the position taken by the hon. member for Rosetown-Biggar (Mr. Coldwell)? What was the position taken by the hon. member for Winnipeg North Centre (Mr. Woodsworth) and the hon. member for Winnipeg North (Mr. Heaps)? What was the position taken by all hon. members of the group sitting opposite and to the right of the official opposition? Every one of these hon. members was against the expenditure of even the relatively small amount of money that was being proposed at that time. Then what was the position taken when we came to the house in 1937 and asked for $37,000,000? The attitude was exactly the same.

In 1936 members of this government were in England, and on that occasion I had the privilege of sitting in the House of Commons and listening to Sir Thomas Inskip. I have brought with me to-night a copy of the English parliamentary debates for July 20, 1936, in which Sir Thomas outlines the practice and policy of the British government in connection with matters such as we are discussing to-night. In opening his speech he remarks that it is peculiar that for the third time he has to outline his program to the House of Commons. Apparently they took some convincing over there, as they do here, but probably ultimately we shall also have them convinced here. He says:

New sources have had to be opened. It is not as easy as some hon. members think to open new sources of supply for munitions. I say that not to excuse any delay, but in order that the matter may be seen in its true proportion. If I may take as an example one set of munitions, which I mentioned last time—shell and shell components—there are certain firms, of course, that are accustomed to produce them. They know the technique, they are familiar with the processes, they have the plant, they have received orders in the past, and they need no education.

And listen to this:

But the new firms which are to undertake the completion of what is really a formidable program have not only to be inspected, but they have to be classified. They have to be examined for their capacity, they have to learn to understand and to operate the processes shown in the manuals that have had to be prepared.

Some hon. MEMBERS: Hear, hear.

Mr. GARDINER: Listen to this, those who say "hear, hear":

Draft heads of agreement have to be considered, and any hon. member who thinks that you can immediately increase the output of shell and shell components by running over the country giving an order to any engineering firm of experience—

Some hon. MEMBERS: Hear, hear.

Mr. GARDINER: Listen to this:

—giving an order to any engineering firm of experience—

Giving an order to those who are making motor cars, for example, and all that kind of thing.

—can be but little familiar with the processes to which I have referred.

Some hon. MEMBERS: Hear, hear.

Mr. GARDINER: And I repeat that statement to my hon. friends in this house. If they think that you can go about this country giving out contracts to people before they have been given some training, in order to bring about the production of these different commodities, then they are going to find themselves in considerable difficulty. I continue quoting:

I am happy to say that these preliminary stages, inevitable and elaborate as they are but still only preliminary, have been passed. Fifty-two new firms have been offered contracts for the supply of ammunition, and of those fifty-two firms, at any rate up to ten days or a fortnight ago, fourteen have accepted term contracts.

Then he goes on to say that in developing this policy other companies must be still further trained, and points out that it is impossible to have what we call competitive

bids in connection with a business of this kind; that in times of peace a government has to allow for reasonable profits in connection with contracts of this sort. Draft heads of contracts must be drawn to meet different situations, and by that process they get the production of their munitions and machinery of war.

Well, Mr. Speaker, if in 1936 I went to England convinced that government ownership and control of a plant in this country for the production of munitions would be a good thing under certain circumstances, I came back convinced that the British had had far more experience in this matter than we; that they found themselves confronted with a world situation which required them to develop the production of the machinery and munitions of war in the ordinary factories throughout the country, and that in order to get that done, they had to go into those plants, educate some of the staffs, reequip some of the plants with machinery and set up facilities by means of which the munitions of war could be produced. And that is what they did.

Some of my hon. friends opposite have been shouting to this government that we should show closer cooperation with the old country; that we should coordinate our efforts more closely with theirs. Here is one opportunity of coordinating our efforts without doing any injury to the national feelings, or to the feelings of any particular section of this dominion, and, while coordinating our efforts with theirs, we have an opportunity to develop our own industry so that in more peaceful times than we are enjoying at present we can go on to greater and greater development here.

Not so very long ago I said somewhere in this country—not while I was making a speech by the way, but while I was sitting at a table talking to a group of individuals—that what we wanted in Canada to-day if we were going to bring British settlers here from the industrial areas of England, was the transfer of some of the capital of Great Britain to this dominion. Immediately my hon. friends, particularly those over in the far corner on the opposite side, thought of capital as something in the form of money, something you could pick up and carry round with you. But the capital of the industrial areas of England is the machinery of production and the buildings that have been constructed to house that machinery. That machinery and those buildings, Mr. Speaker, represent the surplus labour of generations of Britishers who have established the industrial sections of that country. What I say is this, that when we are faced with great difficulties such as those that are present in the world to-day; when we are faced with great threats such as we have in the world to-day, it is time to take advantage of our opportunities, and, while taking advantage of our opportunities, to give assistance to the industrial centre of the empire by seeing to it that some of these industries are carried on in Canada; for in carrying them on here we shall be transporting to this dominion not only the people who carry on those industries, but also the capital that has been built up through generations. By that method we can bring the men and women who are going to eat the foodstuffs of this country right to the areas where those foodstuffs are being produced; we can put them to work developing our natural resources, instead of going on generation after generation supplying the needs of 30,000,000 industrial people from a country with only 10,000,000, located hundreds of miles away, and then wondering why there are threats of war from the thickly populated areas of this world.

This government entered into a joint contract with the British government to make guns which are needed by both governments, in one of the great cities of Canada where unemployment has been rife and where men are looking for work. My opposition friends who have been shouting, in Toronto more than anywhere else, that what we need is more cooperation with Great Britain, have seen one of their leading periodicals publish an article which insinuates all kinds of things. I say "insinuate" advisedly. I have had some experience with this periodical. On one occasion they wrote one of these insinuating articles with regard to me; inside an hour after it appeared on the news stands of my home city it was taken off the news stands, and my friends who publish this particular periodical took the trouble to send me the man who wrote it. He came half way across Canada to see me to find out what was wrong with it. When he came into my office and asked me what was wrong with it, I said, "There isn't anything wrong with it; I got more publicity out of this article than I ever got out of anything that was written about me in my life. I have found for the first time how many friends I have in my own city." Before that magazine had been on the news stands for an hour men were telephoning my office to ask me if I had read *Maclean's* magazine. I thought *Maclean's* magazine had really published something which was worth reading. I said, "No, I really do not waste much time reading

it." "Well," they said, "you ought not to read it to-night because it says some terrible things about you, and we have put it off our news stands." This came from men who were not political friends of mine but who had read the article, as well as from friends. Having had that experience, I suggest to this house that this periodical is insinuating again, insinuating about the Minister of Defence (Mr. Mackenzie)—I do not know why—insinuating with regard to Major Hahn, who has entered into this contract. Let us look at what the commission's report says about Major Hahn. Not knowing Major Hahn, I can say freely what I am about to say. If hon. members will turn to page 12 of the report they will find some remarks in regard to him. I have not time to read all of these, but I want hon. members to read this. The deputy minister said, at page 15:

Major Hahn, he said, had come in to see him to ascertain whether there was any business which the department was giving and in which he might be interested.

It is interesting to note that this was on October 9. It is also worth noting that the evidence shows that this plant was arranged for by Major Hahn in July and August of that year. On October 9 he called at the office of the deputy minister.

Major Hahn, he said, had come in to see him to ascertain whether there was any business which the department was giving and in which he might be interested. He mentioned aircraft, the possibility of making aircraft, and making shells or military equipment.

It appears that Major Hahn did not go there to get the contract for the Bren gun. He went there to make general inquiries from the department as to whether there was anything he could make that the department required. I have no doubt that a great many men have done that. The gentleman who got the letter of introduction through the hon. member for Davenport (Mr. MacNicol) came there to make the same kind of inquiry. Well then, the question in the evidence is:

"Q. Did the Bren gun come up as a topic of discussion on that occasion?

A. Yes, very much.

Q. Will you just tell the commissioner how the discussion came up and what was said?

A. I had had one of the two guns we had mounted in my office. I had wanted to see it myself and it was mounted in my office. Anyone entering for those two or three days could see the gun. On seeing the gun both of them (Mr. Plaxton and Major Hahn) went over to it, looked at it and asked what it was. I told them it was the new Bren gun. I do not believe that either of them had ever seen the gun."

Mr. STIRLING: Or heard of it.

Mr. GARDINER: Listen to the next paragraph:

"They were much interested in it, particularly Major Hahn, who understood what it meant. He made inquiries as to whether the gun would be used in the Canadian army, where it was being used, where we would buy them and points related to the possible future use of the gun. I told them we had no funds with which to buy Bren guns. I told him that possibly, as in the other items, England might be interested. I was referring all comers to England as a possible market. I did tell him undoubtedly the gun would be used in the Canadian forces, but when, I did not know. . ."

Major Hahn told the deputy minister at the time (i.e. on October 9, 1936), that he thought he could make the gun and he wanted to inspect it to see whether or not he could make it, and Major Hahn asked for an opportunity of inspecting the gun closely. The gun was then sent by the department to Toronto, where Major Hahn "and not more than two engineers or mechanics" could inspect it under arrangements to be made by the District Officer Commanding.

That is the whole story. My hon. friends talk of mechanical engineers and men who can use the instruments required for the moulding of precision steel; but I refer them to the fact that what any factory in this country requires first is a manager, the man who can see the possibilities in things of this kind, the man who can go out and arrange for production, build up the necessary equipment and machinery and acquire a factory with which to do the work. I believe, without knowing anything about it, but being satisfied that I know the higher officials in the departments of government in Ottawa, whether they were appointed by previous governments or this government, that Mr. Hahn sold himself to the officials of the Department of National Defence as a man capable of doing a job of that particular kind. My hon. friends say he was not chosen in England. Are they trying to tell us that Sir Thomas Inskip, Mr. Ernest Brown and others in England did not make exactly the same kind of investigations?—

Mr. SPEAKER: The hon. gentleman has exhausted his time.

Mr. GARDINER: May I finish this sentence? I claim they did—

Some hon. MEMBERS: Order.

Mr. GARDINER: —and found that this was a man quite capable of doing the job. The reports shows they did.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, in the course of the remarks made this afternoon by my right hon. leader (Mr. Manion)—

Some hon. MEMBERS: Right honourable!

Mr. MacNICOL: He will be "right honourable" after the coming election—the Minister of National Defence (Mr. Mackenzie) interrupted the remarks. The leader of the opposition had been speaking about a letter of introduction given by the minister—I should like the minister's attention—to Major Hahn to take to England, and the minister rose to say that he had given letters of introduction to friends of the leader of the opposition's friends. On being asked, to whom? he said, "Ask the hon. member for Davenport." He added, "I gave some letters of introduction to friends of your colleagues." I asked the minister to whom he referred; for I often give letters of introduction, not only to ministers but to managers, to people who I feel are entitled to receive letters of introduction. At this point I may tell the minister, or any other minister, or anyone else who receives a letter written by me as an introduction, that he can publish it to the world. I asked the minister this afternoon to rise in his place and read the letter. If I gave a letter to Mr. John T. Hepburn, it would perhaps be along this line. I have not the letter, so I do not know just what I wrote.

Mr. MACKENZIE (Vancouver): There is absolutely no objection whatever to the terms of the letter.

Mr. MacNICOL: I am glad to hear the minister say that.

Mr. MACKENZIE (Vancouver): I commend my hon. friend for his industry in giving a letter.

Mr. MacNICOL: Mr. John T. Hepburn is the president of the John T. Hepburn company, a company which has had a distinguished record for the last thirty-three years. The president came from Scotland, started with very little and built up one of the best concerns in Canada which has been operating continuously for thirty-three years. At the moment it employs about 250 men and it has employed as many as 500. I think it was very thoughtless of the minister to mention the president of a great concern like that in connection with the gentleman to whom he finally gave this contract. A little later on, replying to something the leader of the opposition said, the minister said that I had taken Mr. Hepburn into his office. I never was in the minister's office in my life, nor have I ever taken anyone there. I am going to ask him to withdraw that remark for it is now in *Hansard.*

Mr. MACKENZIE (Vancouver): If my hon. friend will look up *Hansard* I think he will find I said that he wrote a letter introducing Mr. John T. Hepburn.

Mr. MacNICOL: You said that I introduced Mr. Hepburn in your office. I never was in your office. I am sure you gave Mr. Hepburn a nice letter, for he was worthy of it. I understand he was going to England at the time of the coronation. During the dinner recess I took the trouble to telephone Mr. Hepburn to ask him about the letter. He said the minister had given him a very nice letter, but unfortunately when he arrived in England he found it had been addressed to the wrong person. He could not use it because he wanted to see someone in another department.

Mr. MACKENZIE (Vancouver): The letter was given at your request nonetheless.

Mr. MacNICOL: I thank the minister for his courtesy.

Mr. DUNNING: He got some business too.

Mr. MacNICOL: I do not know anything about what he did. He certainly did not do any business as a result of the letter he got from the department.

Mr. MANION: He did not get a gun contract.

Mr. MacNICOL: I want to refer to one or two things the Minister of Agriculture (Mr. Gardiner) said during the course of his speech. If I understood him correctly he said that we of the official opposition had not given loyal or fair support during the last two or three years to the defence estimates.

Mr. GARDINER: I was referring to the people in the far corner on the opposite side.

Mr. MANION: I understood the minister to refer to our side of the house.

Mr. GARDINER: I was referring to the members of the Cooperative Commonwealth Federation, and I named some members.

Mr. MacNICOL: While we have been in opposition we have given hearty support to the militia estimates. Then I understood the Minister of Agriculture to say something about the cost of the proposed factory in Canada. Perhaps I might have his ear now because I do not want to have to say this the second time. He read a statement from the report that a plant capable of manufacturing

munitions would cost from $30,000,000 to $35,000,000. I should like to read the paragraph in the report; it follows:

> The minister said that General Ashton (the then chief of the general staff) was very insistent upon the development of government arsenals and that the former chief of general staff, General McNaughton, evolved a very comprehensive scheme for Valcartier which would include practically all the requirements of the Canadian forces.

The minister did not mention this when he was talking about the plant that was purchased. I looked into the report and I found that what would cost between $30,000,000 and $35,000,000 was a comprehensive scheme which would include the manufacture of all the requirements of the forces. That did not refer in any way to the Bren gun contract, unless it were proposed to manufacture the Bren gun in that plant. The next paragraph in the report states that a new plant, apart from the land, would cost approximately $120,000. That is not $30,000,000 or $35,000,000. I think the minister is unfair to give out a statement like that and not state what the $30,000,000 to $35,000,000 are for. What is going on in Toronto at the John Inglis plant? I know the plant quite well, for I have been in it hundreds of times.

Mr. MACKENZIE (Vancouver): I must correct my hon. friend. He will find in the sworn evidence given before the commission that I stated that according to the minutes of the defence council these figures were submitted, and were concurred in by the recent chief of the general staff, General Ashton.

Mr. MacNICOL: That was to cover the manufacture of everything.

Mr. MACKENZIE (Vancouver): That was for what they called the grand arsenal scheme at Valcartier.

Mr. MacNICOL: We are talking about the Bren gun.

Mr. MACKENZIE (Vancouver): There was never any suggestion that the $35,000,000 applied to Bren gun manufacture.

Mr. MacNICOL: That was the inference given out here. I started to say that I knew something about the John Inglis plant.

Mr. GARDINER: I am sure the hon. gentleman does not want to misrepresent. What I did a few moments ago was read to the house the full policy that was outlined in 1936 by General Ashton. He outlined a policy which I said would take, not $35,000,000 but $200,000,000, in my judgment.

[Mr. MacNicol.]

Mr. MacNICOL: Shall I read what General Ashton said? It was to be a comprehensive scheme. Then the next paragraph goes on to speak about the cost of the new Bren plant being $120,000.

Mr. GARDINER: That is not what I was speaking about.

Mr. MacNICOL: The permit taken out in Toronto to cover the addition to the John Inglis plant is for $50,000. I saw the report the other day. This addition was in the form of a shed being erected between two buildings, one side of the shed facing south.

Mr. PLAXTON: How many buildings are on the property?

Mr. MacNICOL: You will have to give a speech and you can tell all about that. This whole business is the result of your monkeying with things you should not have monkeyed with.

Mr. SLAGHT: Hear, hear.

Mr. MacNICOL: If the hon. member for Parry Sound (Mr. Slaght) wants to say anything, he can say it later. He has a pretty sharp and witty tongue. I do not care what he wants to say, but I should not be interrupted while I am speaking. You can say any mortal thing you want to say about me. I have nothing to hide. I am not mixed up with any government contract and I am not defending anybody. My hon. friend is ready to defend anyone who comes to him for defence. I have such a high regard for his ability to defend people that if I ever got in trouble I would ask him to defend me if he were free.

The minister said something about British plants. When I was in England two years ago I visited a number of plants and I discussed with the officials the very point raised by the Minister of Agriculture. While there I listened to a debate in the House of Commons in connection with the removal of certain plants adjacent to London which were engaged in the manufacture of munitions. In Slough and other districts adjacent to London many plants had been erected and it was thought advisable that some of them should be moved farther away from London. I suggested to some of these officials that perhaps they could erect new plants in Canada. I may say to the minister that a number of these men told me that if any scheme could be worked out whereby a new plant could be erected in Canada and the necessary trading arrangements made, they would be glad to do it. As he and everybody else knows, they are moving their plants

not only outside London but away north of Birmingham, and some of them have been moved north into Scotland. I think it would be a good scheme to induce British manufacturers to move out into this country. I would much rather have done that than induce three or four men, without a plant, and without machinery to operate a plant, to try to manufacture the Bren gun. I would have tried to encourage the manufacturers of the Enfield arms to build a branch plant here.

Mr. GARDINER: Is what we are doing not exactly what they were doing?

Mr. MacNICOL: You did not do it. You got hold of a man who made radios and got him to go into the armament business.

The Minister of Agriculture referred to my giving a letter of introduction to the Minister of National Defence. I would not hesitate two seconds to give a man dealing in wheat or flour a letter of introduction to the Minister of Agriculture. If every member of this house who has written a letter of introduction to a minister were asked by you, Mr. Speaker, to rise in his place, three-quarters of the membership of this house would have to rise. There is no crime in that, and I do not want any wrong inference to be drawn from that side of the house from the letter of introduction I wrote for John T. Hepburn.

Mr. MACKENZIE (Vancouver): May I assure my hon. friend that there was not the slightest inference in the world with respect to himself.

Mr. MacNICOL: Thank you. I would expect a brother Scot to say that.

I want to deal now with two or three other matters. The company with which I was associated for a great many years bought a great number of boilers from the John Inglis plant, and I can say from my knowledge of the John Inglis plant that it was a fine plant for engines and boilers and heavy steelware. The Inglis family were a fine family, and it grieves me to see the Inglis name, which has meant so much in the city of Toronto for so long a time, dragged into an affair like this. I knew the father, John Inglis, and I knew Mr. William Inglis who died, I think it was in 1935. They were very, very fine men, and it is a grief to every man who knew that family to have their name dragged into this affair, and as an old friend of the family, I am very, very sorry that the company which has taken over the plant was permitted to use the name Inglis. Give it any other name than the highly respectable name of Inglis. I am not saying that those who took it over were not respectable; but the Inglis name had a fine record, and I never like to see an old established name like that used for any other purpose.

Something has been said about plants not being asked to tender for manufacturing the Bren gun. This afternoon, when my leader was speaking, he asked the Minister of National Defence if he denied that other manufacturers could make the Bren gun, and the minister replied, "Certainly not." I too would say, "Certainly not." I have been connected with the iron and steel business for many years and know a great many men who are in that business, making all kinds of precision tools and machinery that requires the finest of tools and the finest of mechanics, and I could name without hesitation many firms which could manufacture the Bren gun. When I was home on Saturday I took the trouble to ask two firms if they could manufacture the Bren gun. I do not want to mention their names, but I asked them if they could make the gun in their plant or on their property. They are both well known, reliable firms making various lines of machinery that require precision tools, and both answered without hesitation: Yes, they could have done so. That is one of the things I find fault with about this contract. It was given without tenders being invited, and at least twenty companies which could have made the Bren gun were not invited to tender at all. I have no doubt that when the Minister of National Defence rises to speak he will give his reasons why tenders were not invited. But speaking as a business man, engaged in large business for twenty-five years, I would say that at least twenty companies could have made the Bren gun with some alterations in their plants. It is not necessary for me to read their names.

I know that the minister's department two or three years ago made an exhaustive survey of the industrial plants throughout Canada, and there is to-day in the department a compilation of their equipment and capacity, and what use could be made of these plants for military purposes. That report has been referred to several times since it appeared in the press on November 2, 1938, and I shall not take time to refer to it in more detail here.

I want to say a word or two on the method of letting tenders on a cost-plus basis. I do not approve it. I have had a great deal to do with business in my time, and I have always objected to having anything done on a cost-plus basis. I venture to say that in the Inglis plant in Toronto or in any plant where something is being manufactured on a cost-plus basis you will find people falling over one

another. The cost-plus basis just invites adding to the cost of the article; but let your contract by tender and you get a right price.

I am going to tabulate, in chronological order, the various items referred to in the commissioner's report, so that the whole Bren gun business will be plain for all who wish to read.

On May 24, 1935, the British government made an agreement with the patentee of the Bren gun, whose plant was established, I believe, in Czechoslovakia.

In August, 1935—I have not the precise date—two Bren guns were ordered shipped to Canada, according to the report.

On February 27, 1936, the high commissioner in London advised this government that, with regard to the agreement that had been entered into, Canada herself might manufacture the Bren gun, but if the Bren gun were made over here, she should take particular care to see that the gun was made in a plant operated by this government. That is one point which I should like kept firmly in mind, and it is brought up again and again in this report, that the Bren gun, if made here, must be manufactured by the government under its own supervision.

On March 18, 1936, the director of mechanization asked the judge advocate to study the agreement for Canada.

On March 19, 1936, the judge advocate replied.

On April 6, 1936, the John Inglis Company went into liquidation, and now commences the long story of the John Inglis Company.

The report says that late in March or early in April, 1936—it must have been early in April—Messrs. Cameron and Herbert and Gordon Plaxton were considering the Inglis plant, with a view, I suppose, to purchasing it.

On April 22, 1936, Major General Ashton wrote re the Bren gun and pointed out that the gun would have to be manufactured according to the agreement in a plant operated by the government.

On June 3, 1936, the Department of National Defence set its requirements at 7,000 Bren guns.

In June, 1936—the precise date is not given in the report—Mr. Herbert Plaxton interested Major Hahn in a proposal to acquire the Inglis plant, which was then in the hands of the receiver.

In July or August, it does not appear which, Major Hahn decided to become interested in the Inglis plant, with Messrs. Cameron, Pointon, Merritt, and Herbert and Gordon Plaxton.

In August, 1936, Lieutenant Jolley returned from England. Lieutenant Jolley is an able man and I like what the report says about him. I like the way in which the Minister of Agriculture spoke about him. When it became necessary to send a man to England, why therefore did the government not send Lieutenant Jolley instead of Major Hahn and some others?

On August 24, 1936, the hon. member for Trinity (Mr. Plaxton) wrote to the Prime Minister (Mr. Mackenzie King) a letter which has been quoted and which, therefore, I shall not quote again. The Prime Minister replied on September 12 and was cautious, as he should be. He went to considerable pains to point out to the hon. member for Trinity that certain methods should be followed. But I was very much surprised to read in the report that on September 15, after receiving the Prime Minister's letter of September 12, the hon. member for Trinity sent the letter to the Minister of National Defence.

On October 9, the report records that the hon. member for Trinity and Major Hahn met in the deputy minister's office and, while there, saw the Bren gun.

On October 10 the department very wisely sent an inspector to investigate the Inglis plant. At that time the department must have had a full report with reference to that plant, because such a report must have been sent in by the inspectors who had been authorized to inspect all plants in Canada.

On October 19 Major Hahn, Mr. Cameron and the hon. member for Trinity saw the minister.

On October 19, it does not say whether before or after that visit, an offer was made by Messrs. Cameron, Pointon, and Merritt to buy the Inglis plant. The offer was to acquire the plant for $250,000 and that was accepted by the Toronto General Trust, I presume on the same date.

On October 19 the minister gave his letter of introduction to Major Hahn, and on October 20 the deputy minister also gave a letter of introduction.

On October 22, Mr. Nurse declared that the interest he held in the Inglis plant as trustee for J. D. Cameron, Herbert Plaxton and others was transferred into a new company capitalized at $1,200,000.

On October 23 the chief aeronautical officer reported in reference to the Inglis plant. What does he say about this plant? It has been quoted before but I think it should be

read again. It will be found on page 22 of the report. He says in reference to this firm:

> This firm is equipped to do heavy engineering work, boilers, etc. The shops would require to be stripped of their equipment to be suitable for aircraft construction. The shops are more suitable for shells, gun carriage, etc., than for aircraft or aircraft engines.

I know that during the great war the Inglis company did make a vast number of shells for shipment overseas.

On October 26 Major Hahn, the hon. member for Trinity and Mr. Gordon Plaxton sailed for England.

On November 9, the hon. member for Trinity sent two cables from England, one to the minister and one to the deputy. As they have both been read I shall not quote them again.

On November 10 the cables were replied to, making Major Hahn representative of the government.

On November 16 the Anglo-Engineering Company was incorporated to hold some shares of the John Inglis Company.

On November 23 the British Engineering Company was incorporated, having 200,000 shares of one dollar each.

Having been associated with an old-line company that had been in business since 1884, and having customers from one end of the country to the other, I am perfectly at a loss to understand why there should be any necessity whatever for the incorporation of all these companies for the making of the Bren machine guns.

On March 5, 1937, an interdepartmental committee was set up.

On June 4 the company's name was changed to the John Inglis Company. That is something which I very much regret, and I say so in view of the fact that this was an old-established firm and one that was highly respected.

On December 17 another company was set up, Investment Reserves Incorporated, to act as trustees for certain shares in the John Inglis Company.

On January 5, 1937, the interdepartmental committee met to discuss the Inglis contract.

On January 13, a subcommittee of the interdepartmental committee made a report. What did they say? At page 38 of the report this statement appears, that various other companies might have made this equipment, or should have been asked for bids on the equipment; and they discussed the subject of competitive bids, the question why the John Inglis Company should get this contract, the financial status of the company, and a number of other things. Now that is what the public wants to know. The people want to know why only one company was allowed to have the privilege of manufacturing these guns, especially a company that was not in the business, certainly not in the manufacturing business. They might have been getting ready to manufacture, but they were not actually doing so.

On January 24 the interdepartmental committee discussed the question why other companies were not invited to tender.

On March 22 the contract was authorized, and on March 31 the contract was signed. On April 1 the plant commenced operating.

That is the chronological order as far as I have been able to trace it from the report, giving the various dates of the transaction. The Minister of Agriculture made reference to the Ross rifle, and that recalled to my mind what I heard in Toronto on Saturday last from a man who has two sons who, in the event of war, would likely enlist or be enrolled in the forces. This gentleman said to me: "I am horrified to think what might happen to my sons because I have a clear recollection of what happened in connection with the Ross rifle in the great war." As the Minister of Agriculture said, soldiers threw that rifle away. As we read at that time, a great number of Canadian soldiers lost their lives through the inefficiency of the Ross rifle. What assurance is there to-day that the Bren will be worth a fig? At the time the Ross rifles were made, the Ross rifle factory at Quebec was supposed to be equipped with the finest machinery, but apparently it was not able to turn out guns which were reliable. What assurance is there that the Bren guns made in the old John Inglis plant will be any better? They would perhaps, however, be too heavy for the soldiers to throw away. I hope these guns will be efficient; I trust they will, but what assurance have we that they will be any better manufactured than the old Ross rifles were? That is a question that disturbs the people of the city from which I come.

I appreciate the fact that the government gave the contract, when it did give it, to a plant in Toronto. I am one of those who firmly believe that everything that can be made in this country should be so made; I know there were at least a score of plants in Canada at that time which could have gone into making Bren guns without too much change, companies with which I am well acquainted myself. So that the government

has to answer that question why one company only, and that one apparently organized on purpose to make Bren guns, was given the opportunity to tender on the Bren gun, to the exclusion of several old-established companies.

Mr. R. A. PELLETIER (Peace River): This debate has arisen on a motion by the hon. member for Vancouver North (Mr. MacNeil) that the Bren gun investigation report should be referred to the standing committee on public accounts. When the motion was made the Prime Minister (Mr. Mackenzie King) spoke on it; since then many other members of the government have also spoken, and they all insist that they have carefully read the report and found absolutely nothing wrong. If that be the case they must have been wearing rose-coloured glasses when they read it, because it is evident from the report that there certainly are things which need correction in connection with this matter. I am surprised at the attitude taken by the leader of the opposition (Mr. Manion). He began by saying that in his opinion the commissioner had been limited in several ways in making his report. For example, he continuously referred to parts of the report quoting arguments presented by various counsel. For example, Mr. Geoffrion, counsel for one of the parties concerned, said to the commissioner:

> No charges being laid, no report of misconduct or no report can be made against us, because there was no charge of misconduct, and no notice to us . . . and I say on the record, as it is now made, it is completely ultra vires, and it is of course inconceivable that there should be a report of misconduct, as there has been no charge.

He also said:

> Under the circumstances, so far as Major Hahn and the John Inglis Company are concerned, I suggest—and I suggest this most emphatically—that there is absolutely no jurisdiction in finding misconduct of any sort on his part.

But the subject of public concern is, in my opinion, that at the conclusion of a long hearing, counsel in their arguments, except counsel for Colonel Drew, raised all sorts of objections to the commissioner commenting on the evidence, or expressing any opinion that he might see fit to express, or making any recommendation as a result of his investigation, although he was expressly directed by his commission to do so. Further on we find this statement by Mr. Geoffrion to the commissioner:

> You can report the facts, but if the facts of the report necessarily involve a charge of misconduct, you cannot.
>
> [Mr. MacNicol.]

It seems to me that the meaning of the word "misconduct" certainly has something to do with the interpretation which the commissioner might place on the argument of counsel. If misconduct simply means that there is something directly wrong with the minister or with the contract, it is possible that the commissioner could not have looked into it from that particular angle. But if misconduct means that perhaps the negotiations leading to the letting of the contract were not conducted as they should have been, then it is my opinion that the commissioner should not have been influenced by the argument of counsel. There is, however, no evidence that he was. But I feel inclined to ask this question: In view of the fact that this statement was repeated to the commissioner so many times by various people appearing before him as counsel, is it possible to believe that the commissioner felt there were certain questions which, in the light of representations made by counsel, he should not ask? I doubt that, however, because the commissioner has stated that the inquiry was open. But in the light of the arguments presented by the leader of the opposition I fail to see why he should not be willing to let the matter go to the committee.

The other day the Prime Minister said something in connection with what might be the rights of hon. members if this investigation were put before a select committee of the house. I admit that at that time the words of the Prime Minister seemed to put a certain restraint upon hon. members of this house. I felt that if I went ahead and spoke in this debate regardless of the words of the Prime Minister, perhaps I should be exceeding what would be considered proper by him. I recalled, however, that perhaps the Prime Minister was following the tactics sometimes used by the Minister of Finance (Mr. Dunning) who at times rises in his place and thunders at the house, telling hon. members what dire things will happen to them if such and such a course of action is followed. As a case in point, I should like to quote a few lines from *Hansard* to show the attitude that is sometimes taken by the Minister of Finance, which perhaps influenced the stand taken by the Prime Minister the other day. In 1938 we find the Minister of Finance, in an endeavour, I imagine, to compel some hon. members to realize the dire danger of some things which they were doing, thundering out these words, as reported at page 474 of *Hansard* for February 15, 1938:

> May I point out that in an authoritarian state a man who said what the leader of the opposition said would by now be in another

sphere; he would have been "liquidated" or—what is the other word?—"purged." As for my hon. friend from Peace River (Mr. Pelletier) what would have happened to him I shudder to think.

Remembering the words of the Minister of Finance I thought the Prime Minister was perhaps following in his footsteps and in that manner trying to tell us not to do something which he felt should not be done.

I listened with great care to the argument of the Minister of Agriculture (Mr. Gardiner) that someone in this house was criticizing Major Hahn. As far as I am concerned I am not worrying about Major Hahn, but in the light of the report on the Bren machine gun the question that concerns us is what will happen to the money which shortly will be in the hands of the Minister of National Defence (Mr. Mackenzie), if such things as this are permitted to go on. True, no one has found any corruption of any kind; no one has ever suggested any corruption, but I am sure we are all agreed that the method by which this contract was negotiated is not a method which should be followed in a democratic country. That is the point at stake, rather than the reputation of Major Hahn or anybody else, and I submit that when the Minister of Agriculture dwelt on that point he failed to touch the argument at all. The minister also referred to the inference left by the leader of the opposition—of course according to the minister—

An hon. MEMBER: Look at the paper.

Mr. PELLETIER: Yes; I will look at the paper and get it right. The minister referred to the inference left by the leader of the opposition during the course of his speech. I suggest that if there were any such inference, it was no worse than the inference suggested by the leader of the government himself when he referred to the political affiliations of the judge appointed to conduct the inquiry. It seemed to me that when the Prime Minister stated that this judge was not of Liberal origin or appointed by the Liberal party, that he was a Conservative, it must have meant to the people at large that some doubt must be reflected upon those who had been appointed under a Liberal administration. It did not seem to me that the Prime Minister should have made any such reference, because it does cast some sort of reflection upon the Supreme Court of Canada. I have always felt that once men have been appointed to such exalted positions, they leave behind all their political partisanship and become solely interested in justice, no matter who may be concerned.

It might be well to point out, Mr. Speaker, that the gentleman who was retained as counsel for one of the interested parties, namely Mr. Geoffrion, is the gentleman who last year was engaged by this government to present the case of the federal government to the Supreme Court of Canada in the matter of the reference of certain statutes of the province of Alberta. This is probably simply a coincidence, but I mention it in passing because I feel that it might be a good thing if it were more widely known.

In my opinion the purpose of this debate is not simply to find fault with any minister of the government but to make sure, by referring the matter to a properly constituted committee of this house, that we in Canada may be absolutely sure that there is no tinkering, shall I say, with anything having to do with the question of munitions or the awarding of contracts. Probably the Prime Minister remembers very well what occurred in this house last year during the course of the debate on the address in reply to the speech from the throne. The then leader of the opposition made certain charges having to do with graft and political corruption. I said he made charges, but I should have said he made insinuations. At that time I suggested to the leader of the government that perhaps it would be best to ask the leader of the opposition to prove those charges and thus clear the atmosphere. There might not have been anything to them, and perhaps the whole thing would have died away. I believe if that course had been followed, such occurrences as we are discussing to-day might not have taken place.

Mr. BRADETTE: Oh, no. You thrive on scandal.

Mr. PELLETIER: I admit, of course, that this investigation does not concern any scandal, but the very fact that a committee had investigated political patronage naturally would have tended to restrain the ministers from considering granting favours to certain political friends. I agree with the Minister of Agriculture when he says Major Hahn simply sold himself to the Department of National Defence. Of course he sold himself, with the assistance of one of the supporters of this government. That was the way in which the thing was done, and perhaps if my suggestion last year had been adopted this situation would not have arisen.

I know very well it is the desire of the Prime Minister to have absolute integrity on the part of his government and to have nothing wrong with any contract dealing with

the question of armaments for this country. In this connection I submit the following for his consideration; the commissioner made the following recommendation:

What is plain to me at the end of this long inquiry is this: that if the policy of private manufacture of war munitions and armaments is to be continued in this country (a question of administrative policy for the government and parliament to determine), once the requirements are determined by the Department of National Defence the negotiations leading up to and the making of contracts between the government and private manufacturers either for the purchase or production of such munitions or armaments should be put into the hands of an expert advisory group of competent business men—a capable and experienced manufacturer, a commercial lawyer who has had a wide practice in dealing with large commercial contracts, a representative of labour, and say a chartered accountant who has had experience in the examination of substantial business transactions. These persons should constitute a board (which might be known as the "Defence Purchasing Board")—

Knowing as I do the sincere, earnest desire of the Prime Minister to bring about such a happy situation, I suggest that it would be a wonderful gesture on his part if he were to arrange to have such a board properly constituted and to have it report not only to the Prime Minister or the Minister of Finance but also to the leader of the opposition and to another member representing the independent groups in this house. Handled in that way, with such an open-handed gesture, I feel sure that this question of political patronage in connection with contracts would never again arise in this country. That is simply a suggestion; I realize that it might not be advisable from the point of view of the government, but I believe at a time like this the government would be quite willing to put aside questions of party and rise to greater heights for the sake of the economic welfare of the Canadian people. I feel confident that if such a plan were accepted by the Prime Minister, it would at once remove all doubt in the minds of the people of Canada in regard to the handling of matters of this kind. There is no doubt that to-day many people are questioning themselves and others with regard to what is happening in connection with contracts of this kind. People are too prone to go around the country saying, "Oh, sure, somebody is making money out of this thing, and we have to pay for it in taxation, or perhaps with the lives of our sons or husbands." It is only right that they should ask themselves such questions, when they read the report of the Nye committee of the United States senate. Anyone interested in this question of the private manufacture of munitions will find a great deal of interesting reading in that report. No doubt

[Mr. Pelletier.]

that question will be discussed by the committee, and perhaps a recommendation will be made that there should be no private gain in the manufacture of armaments. That I do not know; nevertheless one cannot help but be struck by words such as these, from the report of the committee to which I just referred:

—it is clear that the private shipbuilders should very definitely be policed in any and all moves made by them or through them to confuse public defence needs with their private profit, or should be cut off entirely from the building of ships for the navy.

Of course this part of the report refers particularly to the navy, the shipyards, the building of battleships and cruisers, and armaments of that kind. But armaments are armaments no matter whether they are Bren machine guns or boats, and the people never like to make that kind of expenditure unless they feel it is absolutely necessary. That is why I say to the Prime Minister that if he were to follow, perhaps with certain modifications, the suggestion which I have made, he would at once remove from the minds of the people of this country any thought that there might be anything wrong with the handling of contracts of this kind.

Undoubtedly we shall have occasion later on to refer once more to the findings of this commission, when the report comes from the committee to which it is intended it shall be referred. I believe that nothing is to be lost by referring this report to the committee. I cannot agree with the leader of the opposition when he says that the debate arising out of the report has finally cleared the atmosphere. In my mind too many doubts have been raised to be left where they are; they need to be cleared up; and I feel that the only possible place to clear them up is where members of a committee have free access to all documents and have the power to bring before them any person whom they may see fit to call. I repeat this because there may have been the thought in the mind of the commissioner that he was precluded by a section of the Inquiries Act from asking certain questions which otherwise he might have asked.

I conclude these few words in the hope that the Prime Minister will give serious consideration to the suggestion that I have made, because I believe that only by rising above political lines shall we be able to retain the confidence of the people of this country with regard to armament manufacture.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I have read the report and I believe the people have read it. I can come to only one conclusion, that we should have the full discus-

sion on this matter which we are having. The people demand a full discussion right on the floor of this house, not in any committee. I do not want to take any chances of having discussion blocked by technicalities. We want to have the scope of discussion as wide as possible.

The impassioned speech which the Prime Minister (Mr. Mackenzie King) made on this motion sounded to me, a new member, like intimidation. I am sure some other hon. members felt the same way, but I can assure him that I am not intimidated. He said, as reported at page 596 of *Hansard*:

> What I am concerned about is that some other hon. members in the course of debate at this stage may without realizing the significance of their actions commit themselves by their expressions to such an extent that every man, woman and child in this country will know that they have arrived at a particular attitude which they intend to maintain in the committee, and that the committee therefore would lose in the public mind if not also in fact the judicial aspect which it ought to have.

I do not believe the discussion will lose any judicial aspect if it is conducted on the floor of this house. What I am more concerned about is that if this contract is referred to a committee which will be composed of some thirty-six members of the government and only fourteen members from other parts of the house, every man, woman and child will not know the facts. The Prime Minister knows he need have no fear, because before this discussion is over every man, woman and child in this country will know the facts and will be able to judge for themselves whether this contract is good or bad.

There is no need to refer this contract to any committee. It is bad. Anyone reading the report and studying it knows it is bad. It should be cancelled. Any man of the ability of the Prime Minister knows it is bad. Why refer it to the public accounts committee? Why go to the expense of a further investigation? The facts are all before us in the report. The evidence is there. Why not now cancel the contract? Is the Prime Minister not apprehensive about its being carried out? If he is, he had better cancel it. What about the cost of production? Suppose we examine for a few minutes the stock set-up of the company. I draw the attention of hon. members to the fact that 250,000 shares are issued to the John Inglis Company at $6 a share. That amounts to $1,500,000, made up as follows:

58,333 shares of treasury stock at $6	$349,998
5 shares held by various people	30
191,662 vendors' shares at $6	1,149,972

What did they pay for these 191,662 shares? They paid $100,000, or a little more than fifty-two cents a share. Some treasury stock was sold for $231,000, at between $6 and $7.50. Nevertheless Major Hahn and his associates paid only a little more than fifty-two cents. The profit on the transaction, at $6 a share, was $1,049,972. If we take into account that they had to pay $100,000 for that stock and they made that profit, it was given them for the Bren gun contract.

It has been argued that it would be very costly for the government to undertake this contract. Yet all the real cash it was proposed to carry on with was the proceeds of the treasury stock, between three and four hundred thousand dollars, plus the $100,000 cash, or about $500,000. The argument that it would be too costly for the government to carry out this contract does not hold good, because it would cost them only $500,000 plus what they have put into it, and if the government had taken the contract themselves they would have saved the $1,149,972 which these other fellows are going to get. I shall speak again about that a little later.

Did the Prime Minister instruct counsel? He said he did, according to a press report. Who employs counsel? The Prime Minister. Who should instruct counsel? The Prime Minister. He asked if it was his duty. He should not need to ask; he should know. Possibly he will appoint another commission to tell him whether he should instruct counsel. On page 50 of his report Mr. Justice Davis states:

> The question is: Were proper and sufficient steps taken in this case to discharge that responsibility? Upon the whole evidence, that is a question for the government and parliament to pass upon.

He says that is a question for the government and parliament to pass upon. That object can be attained only by full discussion without limit as to scope. The public are demanding it, and they are entitled to it. How were the individual firms or corporations selected? Were they selected as a result of a departmental investigation? I quote from page 2912 of *Hansard* of May 16, 1938, as follows:

> Some eighteen months ago an industrial survey was commenced under the direction of the master general of the ordnance. Speaking in round figures, I believe about 700 firms in various parts of Canada have been surveyed with reference to their potential capacity for production in any particular direction in the event of a national emergency.

That is a statement by the minister. If the Inglis company were picked out as a result of this investigation by the ordnance branch, then it is an insult to the abilities,

the capacities and reputations of the 700 firms investigated. I cannot think for one minute that the ordnance branch could have been so inefficient as to place the John Inglis Company at the head of the list of 700 odd firms which had been investigated. If they did, then we certainly need a clean-up in the ordnance branch. These are days of national emergency. What is the use of investigating 700, 800 or a thousand firms and then pigeonholing the investigation? That is something I cannot understand. Perhaps that will come out in the discussion on the floor of this house. This plant was inspected in October, 1936, at the request of the deputy minister. I quote from page 22 of the report as follows:

This plant is primarily equipped for the manufacture of boilers, turbines and the working of heavy plate generally.

I ask hon. members if the Bren gun resembles a turbine or a boiler, or if heavy plate is used in its manufacture? I quote:

. . . it might be used for the manufacture of tanks or shells.

Does the Bren gun look like a tank or a shell? I do not think it does. This plant was not the best plant in Canada. What are the main requisites for the manufacture of the precision parts in a piece of mechanism like the Bren gun? They are knowledge, experience and skilled workmen. Did the Inglis company have any of these? I quote again from page 22 of the report:

This factory is at present inoperative and has not been in operation since April, 1936. There is no design staff at present employed and the total number of workmen now employed consists of three men as factory maintenance staff.

These are the workmen and this is the equipment which formed part of this fully equipped factory or factories which were controlled by Major Hahn and his group. These are the factories which were chosen to manufacture this piece of precision mechanism. The deputy minister said that they had surveyed nearly a thousand plants. I submit that that survey of a thousand plants was disregarded entirely. Why was that survey disregarded? That is something which parliament should find out. I quote a question and an answer reported on page 29 of the report as follows:

Q. But there were firms in Canada who had been doing very delicate steel operations for a great many years, were there not?

A. In my judgment it had nothing whatsoever to do with the question, because for this reason, that any company in Canada could not undertake this particular contract unless there was a greater volume of production to reduce the cost of production—and that was essentially a vital factor in the whole thing.

[Mr. D. G. Ross.]

That was the minister's judgment. He said that any company in Canada could not undertake this particular contract unless there were a greater volume of production to reduce the cost of production. It would be too expensive. How ridiculous it is to talk about the cost of producing these guns and the cost of putting up a plant! The Minister of Agriculture (Mr. Gardiner) certainly left in some of our minds an impression that it was going to cost some $30,000,000 or $35,000,000, or possibly $200,000,000, in his judgment. What was to happen to all the money that was to come from the promotion of the sale of this stock? Was there to be profiteering? All they paid for the 191,662 shares which they got was a little over fifty-two cents per share. What was paid for the treasury shares which were sold to the public? The public paid between $6 and $7. Did they not have in their minds that these 191,662 shares would go up in value? Do you think they were not looking for profit? Not only did they get these 191,662 shares, but as time goes on those shares might be worth $10, $15, or even $20 each. Is that making armaments for this country without profit? The minister gave his judgment with respect to the cost of production and stated that was why he did not ask other firms to do the job. How did he know what the cost of production was going to be? None of these firms had a chance to bid on the Bren gun contract. None of them was asked.

It may be said that possibly some of these firms would not go into production unless they got a big profit, but when I was home over the weekend I took the trouble to go round to several of these firms. Again I do not wish to mention names, but I was assured that if the manufacture of armaments in Canada were necessary, and if it was put up to them, they would manufacture armaments at a very small profit. They also felt that the manufacture of these armaments would be just as much for their own benefit as for the benefit of all the rest of the community. They would be willing to enter into contracts. They would get a group together to manufacture Bren guns, and they would not be paying out profits by way of stock promotion.

Mr. MANION: Of a million dollars.

Mr. ROSS (St. Paul's): A million dollars profit by way of stock promotion! Parliament has to find out why these firms were not approached. There is a great deal in this report about why they were not approached, but I think we need to know a little more about it. The great thing to-day

is that this country needs these guns. The minister himself says that they are of vital necessity to Canada. I am sure that if this contract were cancelled, there would be no difficulty at all in getting the manufacturers of this country together, telling them that there was an emergency and that guns were needed, and in having them manufacture all the guns that were needed. After all, Mr. Speaker, who is it that understands the manufacture of these things? Is it this gentleman who is a manufacturer of radios or refrigerators? What does he know about the heat-treatment of steel and alloys and precision steel down to the ten-thousandth of an inch? All he knows is no more than our young friend, Mr. Jolley, a graduate of my own university, knows, and Mr. Jolley is a good man. I know something about him, and he does know something about the manufacture of this stuff.

Canadian manufacturers are keen to manufacture all our defence requirements, and they do not want profits. They want to keep their workmen employed. We do not want profits out of armaments in this country. We do not want to make money out of blood. Our own manufacturers would do this job for you if you would only give them a chance, but I submit, Mr. Speaker, that they have never had a chance. The Department of National Defence is responsible for that. I repeat, it is the Department of National Defence that is responsible.

I wish to quote further from the report with reference to the interdepartmental committee. That committee had somewhat the same ideas that I have expressed. They would have been able to find out the same sort of thing that I found out, and I am perfectly sure that they would have found that there would be no difficulty in getting our own manufacturers to make these guns. I know they could have got a group of manufacturers together to manufacture these guns, in a government-owned factory, if you like, and these manufacturers would give all the assistance that was necessary to the government to have these guns manufactured in Canada; but as long as we are going to have patronage in the manufacture of armaments in this country we are not going to get some manufacturers to sacrifice their chances, just at their own expense.

Let me quote from page 37 of the report:

We—

That is the interdepartmental committee:

We pointed out that there was a number of very substantial subsisting companies in Canada that were manufacturing precision tools, and had experience in what we thought was this line of work. We felt that they should be consulted and given an opportunity to submit competitive tenders.

That is a pretty strong statement. I think it would take a great deal of persuasion to turn these men away from that attitude. They had evidently gone into this matter carefully, and they knew what their duty was with respect to the situation. They realized the seriousness of it. They are the highest type of men we have in Canada, and why was not their recommendation acted on? Why did somebody override them? What was the reason for their advice being disregarded? Parliament wants to know why. We do not want to take this thing into some committee, with a preponderance of government members, and be choked off, as so often happens in these committees, by technicalities being raised and things of that sort. We want a thorough discussion of the whole matter on the floor of this house, so that every man, woman and child in this country will know about these things. How can we ever expect our young men to enlist in the militia when they hear about this kind of thing; when they know this sort of thing is going on; when they know of the patronage that exists in the Department of National Defence? Look at the regiments in Toronto! How are they now? Away down below strength. How are they treated? They cannot get boots or anything at all. It is disgraceful. What an opportunity the Department of National Defence has to do something for these young fellows!

I see it is eleven o'clock, Mr. Speaker.

CONTRACT AND SUPPLEMENTARY CORRESPONDENCE TO BE TABLED

Mr. STEWART: Mr. Speaker, might I ask the Prime Minister or the Minister of National Defence to lay on the table a copy of the Bren gun contract?

Mr. MACKENZIE (Vancouver): That was done on June 29 of last year, but if the clerk is not seized of it I would be most happy to get a copy or two for my hon. friend.

Mr. STEWART: And would he also lay on the table any supplementary letters or otherwise with respect to changes made in the contract?

Mr. MACKENZIE (Vancouver): I know of none, but I shall be glad to look into the matter.

Mr. MANION: The one my hon. friend is referring to is the change that was made after the article in *Maclean's* magazine.

Mr. MACKENZIE (Vancouver): A letter?

Mr. STEWART: I should be very glad if the minister would lay on the table a few copies of the contract and that supplementary letter.

Mr. MACKENZIE (Vancouver): I shall be very glad to do that to-morrow afternoon.

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

Tuesday, February 7, 1939

The house met at three o'clock.

PRIVILEGE—MR. FINN

NOVA SCOTIA LOBSTER FISHING INDUSTRY—ARTICLE IN HALIFAX CHRONICLE OF FEBRUARY 4

Mr. R. E. FINN (Halifax): Mr. Speaker, before the orders of the day are called I rise to a question of privilege.

Mr. SPEAKER: We are not on the orders of the day yet.

Mr. FINN: I draw your attention, sir, to citation 170:

It is the practice in the House of Commons to bring up a question of privilege after prayers, and before the house has taken up the orders of the day.

Therefore I am in order.

My question of privilege is based on an article appearing in the Halifax *Chronicle* of February 4, which contains reference to proceedings which took place in this house on Friday last on the debate concerning the reestablishing of the lobster fishermen in their industry. It is headed, "Premier answers Ottawa comment," and goes on to say:

For more than eight years "the overwhelming majority of those unemployed in Canada or those otherwise in unfortunate economic circumstances have declared they prefer work to doles," Premier Angus L. Macdonald of Nova Scotia said to-night.

He was commenting on a discussion in the federal house to-day on the Nova Scotia government's plan to provide a "road works project" for fishermen who lost pots and equipment in November and December gales.

Repeatedly labour unions or associations, unemployed groups, social workers and others have urged that work be provided wherever possible. In the case of the storms in November and December in Nova Scotia the Nova Scotia government has endeavoured to pursue this policy. It endeavoured to provide work instead of doles or hand-outs.

[Mr. I. Mackenzie.]

If this can be called throwing a monkey wrench into the machinery, the government here is prepared—

Mr. SPEAKER: Order. Would the hon. member state his question of privilege?

Mr. FINN: The question of privilege is that the premier of Nova Scotia has absolutely misrepresented me in saying that I threw a monkey wrench into the machinery, I being in favour of the dole. Nothing of the sort. I made my position on that point very clear in the debate in this house. In a letter which I addressed to His Honour the Speaker on the moving of the adjournment of the house on February 3, 1939, I said:

The provision of the Unemployment and Agricultural Assistance Act, 1938, is abortive in its provisions to meet the absolute need of reestablishing the said fishermen in their industry, and to provide them with the means of earning their livelihood, and to enable them to provide the bare necessities of life for their families.

During the debate I said:

But a monkey wrench was thrown into the machinery by the premier of Nova Scotia . . .

Then the Minister of Fisheries (Mr. Michaud) in the debate on my motion on February 3, said:

Since this parliament, for the last three years at least, has deemed it advisable by supplementary appropriations to grant sums of money to help reestablish needy fishermen in their occupations . . .

And he adds that these moneys have always been distributed in the provinces where there was the need.

Now, Mr. Speaker, the premier of Nova Scotia goes on further to say, and it is a direct charge against myself, that I was not in Halifax when the storm took place, and that I had not any information in reference to it; in fact his inference is that I do not know the needs of my constituency.

Mr. POULIOT: The storm took place in the house.

Mr. FINN: Well, perhaps a storm did take place when I spoke, but a tremendous gale takes place when the hon. member who has just interrupted me rises—or perhaps something more in the nature of a cyclone.

I may say for the information of the house that I was here in Ottawa for nearly four weeks in November attending to departmental matters with the various departments and again on December 8 after the December gale, conferring with the Minister of Fisheries.

Mr. SPEAKER: Order. I think the hon. member has stated very well his point of privilege.

Mr. FINN: Perhaps that is your honour's opinion, but it is not mine.

Mr. SPEAKER: I think the house is satisfied, so I would ask the hon. member to resume his seat.

Mr. FINN: I desire to say further that I was in Ottawa two days after the storm in December, coming here from Halifax, and that I sent the following telegram to the Minister of Fisheries (Mr. Michaud)—

Mr. SPEAKER: Order. The hon. gentleman has made his point of privilege clear to the house and to the country, and in justice to himself I would ask him to resume his seat.

Mr. FINN: If that message will rebound from here to Nova Scotia I shall be satisfied.

Mr. CHURCH: You can never answer a newspaper; it always has the last word.

STANDING COMMITTEES

BANKING AND COMMERCE—STANDING ORDERS—CHANGES IN PERSONNEL

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the name of Mr. Ilsley be substituted for that of Mr. Rutherford on the select standing committee on banking and commerce.

That the name of Mr. Golding be substituted for that of Mr. Rutherford on the select standing committee on standing orders.

Motion agreed to.

PRIVATE BILL

INDUSTRIAL LOAN AND FINANCE CORPORATION—REFERENCE TO STANDING ORDERS COMMITTEE

Mr. THOMAS VIEN (Outremont) moved:

That the private bill intituled An Act respecting Industrial Loan and Finance Corporation, filed with the clerk of the house on January 31, 1939, based on the petition read and received by the house on February 2, be referred to the standing committee on standing orders for report on the filing of the said bill and for such recommendations as may be deemed advisable.

Hon. H. H. STEVENS (Kootenay East): Might I ask, just for information, whether this is a method of introducing a bill without complying with the ordinary regulations for this session—that is, accepting the bill as being in order by virtue of the fact that it was introduced in a previous session?

Mr. VIEN: No. The bill was deposited with the clerk of the house a little late, and under the rules of the house it must be referred to the standing committee on standing orders before it can be introduced in the house.

Mr. STEVENS: Then I have no objection.

Motion agreed to.

BREN MACHINE GUN CONTRACT

CONTRACT AND SUPPLEMENTARY CORRESPONDENCE TABLED

Hon. IAN MACKENZIE (Minister of National Defence): I table herewith the return asked for last evening by the hon. member for Leeds (Mr. Stewart), containing the agreement, a copy of which he requested, and also a letter referring thereto.

CONTINUATION OF DEBATE ON MOTION FOR REFERENCE TO PUBLIC ACCOUNTS COMMITTEE

The house resumed from Monday, February 6, consideration of the motion of Mr. MacNeil:

That the agreement between the government and the John Inglis Company, of Toronto, for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement, and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts; and the amendment thereto of Mr. Manion.

Mr. SPEAKER: Before the debate proceeds I think this would be the appropriate time for me to render my decision on the point of order raised yesterday in regard to the amendment proposed by the leader of the opposition (Mr. Manion).

The hon. member for Vancouver North (Mr. MacNeil) has moved to refer to the public accounts committee the Bren gun agreement, the report of the royal commission dealing with said agreement, and all related documents, evidence, vouchers and exhibits.

The hon. the leader of the opposition (Mr. Manion) has moved as an amendment that the said agreement be cancelled.

The motion of the hon. member for Vancouver North proposes to refer the agreement to the public accounts committee. The amendment proposes to cancel it, thus defeating the purpose of the main motion.

Can the motion be amended in the manner proposed? I do not think so. In the parliamentary debates of the United Kingdom of Great Britain and Ireland, 4th series, volume 146, at page 990, I find that a motion was made for the appointment of a select committee—

—to consider the agreement of the 2nd day of February, 1905, between the Postmaster General and the National Telephone Company, and to report whether it is desirable in the public interest that the agreement should become binding. (Lord Stanley.)

Mr. Kearley (Devonport) proposed as an amendment that —

—having regard to the public statement of the Postmaster General, under no circumstances can any alterations be made in the agreement with the telephone company to which he has given his assent, this house fails to see the necessity for the appointment of a committee to consider it.

The deputy speaker ruled:

I may point out to the hon. gentleman that this amendment will not be in order. It is a direct negative, but he will be at liberty to make his speech.

In the light of this decision I believe that the amendment proposed by the hon. the leader of the opposition for the cancellation of the agreement destroys the object of the main motion, when an alternative proposition is not permissible, and is in the nature of an expanded negative. I must therefore rule it out of order.

Hon. R. J. MANION (Leader of the Opposition): Without reflecting in any way upon yourself, Mr. Speaker, under the circumstances I feel it my duty to appeal from your ruling.

Mr. Speaker put the question as follows:

The leader of the opposition (Mr. Manion) having proposed an amendment to the motion of the hon. member for Vancouver North (Mr. MacNeil) and Mr. Speaker having decided that the said amendment was out of order, Mr. Manion appeals to the house from the said decision of the speaker.

The house divided on the question: Shall the decision of the chair be sustained? And the decision of the chair was sustained on the following division:

YEAS

Messrs:

Beaubien
Bercovitch
Bertrand (Laurier)
Black (Chateauguay-Huntingdon)
Blair
Blais
Bonnier
Bothwell
Boulanger
Bradette
Brasset
Cardin
Chevrier
Clark (Essex South)
Clark (York-Sunbury)
Cleaver
Cochrane
Coté
Crète
Damude
Davidson
Deachman
Deslauriers
Donnelly
Douglas (Queens)
Dubois
Dubuc
Dunning
Dupuis
Emmerson
Euler
Evans
Factor
Fafard
Farquhar
Ferguson
Ferland
Finn
Fleming
Fontaine
Fournier (Maisonneuve-Rosemount)
Francœur
Gardiner
Gladstone
Glen
Golding
Gray
Hanson
Hartigan
Hayhurst
Howard
Howden
Howe
Hurtubise
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kirk
Lacroix (Beauce)
Lalonde
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Leader
Leclerc
Leduc
Little
McAvity
McCallum
McCann
McCuaig
McCulloch
McDonald (Pontiac)
McDonald (Souris)
McGeer
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
MacLennan
MacMillan
McNevin (Victoria, Ont.)
McPhee
MacRae
Martin
Maybank
Mayhew
Michaud
Mills
Moore
Motherwell
Mullins
Mulock
Mutch
Neill
O'Neill
Parent (Terrebonne)
Pinard
Plaxton
Pottier
Pouliot
Power
Purdy
Raymond
Reid
Rennie
Rhéaume
Rinfret
Robichaud
Rogers
Ross (Middlesex East)
Ross (Moose Jaw)
St-Père
Sanderson
Slaght
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thorson
Tomlinson
Tucker
Turgeon
Turner
Veniot
Vien
Ward
Weir
Wood
Young—141.

NAYS

Messrs:

Anderson
Barber
Blackmore
Brown
Casselman
Church
Clarke (Rosedale)
Coldwell
Douglas (Weyburn)
Elliott (Kindersley)

Esling	Manion
Fair	Marsh
Graydon	Marshall
Green	Massey
Hansell	Mitchell
Harris	Needham
Heaps	Pelletier
Homuth	Perley
Hyndman	Poole
Jaques	Quelch
Johnston (Bow River)	Ross (St. Paul's)
Kennedy	Rowe (Athabaska)
Kuhl	Rowe (Dufferin-Simcoe)
Landeryou	Senn
Lawson	Spence
Lennard	Stevens
Lockhart	Stewart
McGregor	Stirling
MacInnis	Thompson
MacNeil	Walsh
MacNicol	White—52.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Elliott (Middlesex West)	Brooks
Mallette	Wermenlinger
Bertrand (Prescott)	Baker

Mr. BERTRAND (Prescott): I was paired with the hon. member for Eglinton (Mr. Baker). Had I voted I would have voted to sustain Mr. Speaker's decision.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, before the adjournment last evening I had said a few words about the actions of the interdepartmental committee in connection with this contract. I pointed out during the course of my remarks that the promoters of this company had paid $100,000 for 191,662 shares of vendors' stock. This stock had a value of $6 per share, or $1,149,972, showing a profit of at least $1,049,972. The value of these shares had been established by the sale of treasury stock to the public at from $6 to $7.50 a share. Either the promoters made a profit of at least $1,049,972 or the public which purchased these treasury shares was gypped.

I should like to know whether these facts were brought to the attention of the interdepartmental committee when they were asked to give their opinion as to the advisability of giving this contract to Major Hahn and his associates. Did they know what profit was to be made by this promotion? Were they told that the promoters were to use not more than $500,000 in cash—the amount that was necessary to purchase the Inglis plant and provide working capital—to put this plant in production? I understand that under the contract the contractors are to receive ten per cent on all machinery which goes into the plant. The real money to be used in the production of these guns is only $500,000. I submit that if the interdepartmental committee had known that, there would have been no doubt as to their decision as to whether this contract should be awarded to Major Hahn and his associates, whether tenders should be called for, or whether the guns should be manufactured in our own arsenal. I am sure they would have decided that it was unnecessary for the government to allow a contractor a profit of $1,049,972 simply by his being awarded a contract. If they had known the small amount of money required to do this work they would have said: The government will manufacture these guns because the government can borrow money at three per cent for this purpose.

Going a little further, the interdepartmental committee were told that the British government had picked a contractor and would deal with no other firm. Now who was it that picked this contractor? The Prime Minister of this country picked him. He appointed him, by cable, to be Canada's representative. I say that the firm of John Inglis Company was forced on the British government, as shown by all the records, all the correspondence, and all the telephone conversations, code messages, and so forth, contained in the commissioner's report, and because of that the interdepartmental committee's hands were tied; for they were told that the British government would deal with no other firm.

Now let us look at the background of Major Hahn. He has an excellent war record. I do not know him personally but I hear that he is a very fine man. In the evidence it is pointed out that in 1934 the claims of the creditors of his company amounted to around $140,000. Over-expansion and the depression no doubt were the causes of the company's difficulties at that time, and that is not to his discredit. He compromised with his unsecured creditors for twenty cents on the dollar, and then sold out the assets of his company to the Rogers company, guaranteeing the payment of twenty cents on the dollar of his company's $140,000 of liabilities. The shareholders of his own company received one share in the Rogers company for ten shares of Major Hahn's company.

Again I say I have nothing against Major Hahn. I am just stating what is in the evidence. But this is the successful business man who was given carte blanche to the British war office with respect to Bren guns, and given access to all the secrets that he must have in order to make a contract with Great Britain for these guns. Again I ask,

why was he picked by the British government? It is said that there may have been some delay in connection with the manufacture of these guns. It is said by some people that there may have been some detrimental factors with respect to receiving orders from the British government. I say now, Mr. Speaker, that the facts with respect to this contract, and the stock-jobbing that went on in connection with it, were bound to come to light sooner or later, and how much more it would have been to Canada's discredit to have them come to light later instead of coming to light and being settled now! Let us cancel this contract and get our credit with Great Britain straightened out. Let us start the manufacture of these guns ourselves, in our own arsenals, and make them without a profit. If we do that, I am perfectly certain that we shall get orders from Great Britain to make Bren guns for her, if we can do the job properly, and we ought to be able to do it with the brains and ability we have here.

As I said before, this is strictly a stock-jobbing promotion from start to finish, based on profits accruing from the manufacture of implements of war, and every hon. member of this house knows it. All that the promoters had to find was an old building and a pay-roll to a matter of $500,000. The government paid for the machinery, and the government could just as easily have found that $500,000 and used it for putting a government arsenal into production. That would have saved ten per cent commission, as well, on the purchase of all the machinery which was going into this plant.

What about the actual cost of production of these guns? We hear rumours from time to time about the cost of production, running all the way from $250 up to $1,500 and $1,600. I do not know how much they cost, but I do know that there are plenty of industrial experts in this country who could give us an accurate estimate of the cost of producing them. There would be no difficulty in that, and if it was pointed out to our manufacturers that these guns are vital to Canada, I do not think there is a single industrial concern in this country which would not be only too glad to offer its services with respect to cost. Furthermore I am perfectly sure there is not a single one of these firms that would not be glad to give every bit of advice it possibly could with respect to putting a factory of this kind into operation.

There is a "but" to that, a great big "but," and that is patronage. You will not get co-operation from any industry in this country so long as there is patronage in the Department of National Defence, patronage in connection with the awarding of contracts for the instruments of war—a profit of $1,049,972. The safety of our democracy is at stake. We must have no such patronage in the Department of National Defence. Democracy is founded on votes. Votes are being coerced through patronage. The Canadian taxpayer is paying for the patronage, and by that our democracy is endangered. Let us cancel the contract.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, during the course of the summer I received a gift from *Maclean's* magazine. It was a reprint of the article published by Mr. George Drew, of notorious fame. He did not proceed in the article by means of accusations. He proceeded in the article, just the same as he did before Judge Davis, by insinuations. His article of nearly four pages contains two paragraphs referring to one of our esteemed colleagues in the House of Commons. I shall read them because at the time I was under the impression that the hon. member for Trinity (Mr. Plaxton) had been guilty of some kind of misdemeanour or offence against the House of Commons Act. There is nothing worse, Mr. Speaker, than to proceed by insinuation, because you do not know what the accuser means by his insinuations. If there is a direct accusation, you can answer it; but there is nothing worse than putting doubts into the minds of the people.

Here are paragraphs 12 and 13 of the conclusion of the article:

> 12. How does the government explain the fact that four of the seven directors of this enterprise are employees in the office of Plaxton and Company?
>
> 13. What is the position of Mr. Hugh Plaxton, M.P., in the office of Plaxton and Company, and what has it been at all times since Plaxton and Company began acting for the armament company which now has the contract?

This is the insinuation that was made by that notorious George Drew who, by the way, is a very good looking fellow—but there is no beauty contest to-day. In connection with these paragraphs 12 and 13 of the conclusion of this article we must read four paragraphs of the report made by Commissioner Davis, one of the learned judges of the Supreme Court of Canada. I was really surprised when I read that part of the report of Commissioner Davis, because it destroys entirely the whole insinuation of which George Drew himself was guilty. He was the guilty party in the matter.

Now let us give the Honourable Mr. Justice Davis an opportunity to remove all doubt concerning the integrity not only of the hon.

member for Trinity but of all members of the government and of all members of this house. At this point I must say, before reading what Mr. Justice Davis has to say, that the members of the House of Commons must be proud of the fact that they have been exonerated by a judge who is supposed to have no political affiliations and who was appointed by the Tories themselves. This is what Mr. Justice Davis has to say:

There is no evidence that any member of the senate or of the House of Commons of Canada was admitted to any share or part of the contract, or to any benefits to arise therefrom, or had been promised or given any suggestion that he was to have any share or part of the contract or was to be admitted to any share or part of the contract, or to any benefit to arise from the contract.

The evidence relating to the activities of Mr. Hugh Plaxton prior to the making of the contract has already been set out or referred to in this report, and with that exception (and excepting of course the minister presiding over the Department of National Defence) there is no evidence—

Mark you, there is no evidence.

—that any member of the senate or of the House of Commons of Canada had any connection with or took any part in the discussions or negotiations leading up to the contract.

There is no evidence that any senator or member had any connection with or took any part in the affairs of the company or in the sale of shares or securities of the company.

I think it right to say that there is no evidence (nor is there in the evidence any ground for suspicion) that the minister or the deputy minister or any officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption.

I have just this to add to the mention of the name of the deputy minister of national defence. All those who were with him at the front—and my brother was three years with him; he was wounded at Vimy when under his command—speak very highly of the integrity, the ability and the efficiency of the deputy minister of national defence, General LaFleche; and the way in which Colonel Drew proceeded against him was absolutely shameful. There are, of course, other officials of the Department of National Defence to whom I cannot pay the same compliment. General LaFleche is straightforward and honest, and he has that great quality which we do not always find among the chief officials of all departments of the government. He is loyal to his minister and he has been all the time. He has a splendid military record, but I will not insist on that.

Now here is the report. It speaks for itself; and of course if I read what the leader of the opposition (Mr. Manion) said yesterday, Judge Davis is an honourable man. I do not know him personally, but I presume he is. I have the word of my hon. friend for it that he is. At page 641 of *Hansard* of yesterday the leader of the opposition made this statement:

With one of his remarks, to the effect that in appointing Mr. Justice Davis he was sure he had selected as commissioner one who would be satisfactory to the country, I am in complete accord.

In the words I have just quoted the leader of the opposition was referring to the words of the Prime Minister (Mr. Mackenzie King). The hon. gentleman then goes on at page 703:

Now to deal with the report itself. When it first came out, indeed before it was made public, information was given through the press, I do not know by whom, that the report was a complete exoneration of the government as far as the Bren gun contract was concerned. To my mind that was merely propaganda. Far from this report being a complete exoneration of the government and those associated with the giving of this contract, it seems to me it is a complete condemnation of the government, as I shall prove before I finish. It is true that there was no evidence of corruption, but no one had charged corruption.

Observe, Mr. Speaker, the hon. gentleman says that no one had charged corruption. It is true there was no evidence of corruption.

It is true that there was no evidence of corruption, but no one had charged corruption. I do not charge anything in the way of corruption now.

We do not find the assertion only in the words of Mr. Justice Davis; we find it on the lips of the leader of the opposition, and what the hon. gentleman says confirms all that I have stated, that Colonel Drew had made no direct accusation but had proceeded by way of insinuation because he could not prove his charges. The leader of the opposition repeats three times that there was no evidence of corruption. He says:

I do not charge anything in the way of corruption now. The Prime Minister (Mr. Mackenzie King) quoted from page 51 of the report, where Mr. Justice Davis eliminated anything in the way of any suspicion of corruption. I accept that; far be it from me to suggest anything to the contrary.

Why then do they argue if they cannot prove corruption?

But, sir, there are fifty-two pages in this report and I venture to say that on at least forty of them there is an absolute condemnation of the minister and, through him, of the government for having made this contract at all.

I have the report in my hand. This is the report submitted by Commissioner Davis. It is an edition which was printed by Mr.

Patenaude, printer to the king's most excellent majesty. I recognize it as the only report given by Commissioner Davis; I do not accept as Commissioner Davis's report the other edition which has been compiled with amendments by my hon. friend the leader of the opposition. He was not a commissioner in this matter, and he has no right to put any words into the mouth of Commissioner Davis. But he does. I think it is clear what Commissioner Davis had in the back of his mind in speaking as he did at page 703. It is not expressed in the booklet, but one needs very little imagination to understand what he is pointing to. My hon. friend the leader of the opposition has a quality that his immediate predecessor never had—

An hon. MEMBER: Imagination.

Mr. POULIOT: Oh, no; much more than that. His illustrious predecessor was full of imagination, he had too much sail for the rudder; but the present leader of the opposition has a quality which he shares with sheiks of Arabia—he is a mind reader. I suggest to him that he read the mind of his colleagues, the hon. member for Kootenay East (Mr. Stevens), the hon. member for St. Lawrence-St. George (Mr. Cahan), and even the hon. member for Leeds (Mr. Stewart), who is sitting next to him. In the mind of my hon. friend the dean of this house he will find wisdom, but not in the minds of all the other hon. members who support him in the house.

Now, sir, you must consider two things in this discussion. You must consider in the first place this blue book, which is the report made by Commissioner Davis, and which speaks for itself; and in the second place you must consider the very same report which has been transformed into Tory propaganda by my hon. friend the leader of the opposition and all his satellites. Therefore I shall not attach much importance to the propaganda booklet. I am more interested in what my hon. friend said when he was speaking for himself than in his interpretation of the opinion given by the commissioner. In fact he did not interpret it; he made it. I would ask the Prime Minister if there was only one commissioner, Mr. Justice Davis, or if there were two, Mr. Justice Davis and the leader of the opposition; and if so, when was the leader of the opposition sworn as commissioner in this case? If he was a commissioner, why did he not present his report with that of Judge Davis? It would not be precisely a minority report; it would be a most extraordinary report, a report to the effect that Judge Davis is at the same time right and wrong. He is right when he says there is nothing dishonest; that he says under his own name. But watch the back of his head. The trouble is all there; it is the old saying, *nella coda sta il veleno*—in the tail the poison.

According to the *Financial Post* there is mounting opinion on the Bren gun contract. We have received reprints of editorials from newspapers across Canada. But it is easy to provide "mounting opinion." Once I attended a meeting, and the gentleman who had to speak had nothing to say. Pointing to his opponent he said: "Look at that gentleman! Ladies and gentlemen, you know what he has done; you yourselves have never done it, your children have never done it, but he has done it. Why did you not do it? Because you did not feel like doing it, but he felt like doing it and he should be blamed very severely for that." What had he done? Nothing. And public opinion was so much aroused against that man that he could not speak in reply. Well, that is the way Colonel Drew was speaking, before he quit. And that is the way my hon. friends on the other side of the house are speaking now.

My hon. friend the leader of the opposition has a strong objection on one point mostly—he will correct me if I quote him inaccurately. He said: The curse of democracy is patronage. My hon. friend is strongly against patronage. He made a strong case yesterday, a very strong case. He said, as reported at page 657 of *Hansard*:

> My submission is that the whole report is one of political patronage in its worst form, favouritism to one man, Major Hahn; injustice to other industrialists far more capable and fully equipped—which Major Hahn was not; deception of the Prime Minister in the letter from the hon. member for Trinity (Mr. Plaxton)—

It was a kind of deception which was not dishonest, according to Commissioner Davis, but it was deceit just the same.

> —of the interdepartmental committee by the various statements made to it by officers in authority; of the British government; and of the people of Canada. Has the Prime Minister—I ask this in all sincerity—read the report completely?

Anyone who knows the Prime Minister would know that he had read the report from the first line to the last.

> Frankly it seems to me impossible that he could have read the report and not have condemned the whole deal.

There is a very good reason for that; it is that he read the report and did not see into the back of the head of Commissioner Davis.

There is another thing that is most interesting. My hon. friend the Minister of National Defence (Mr. Mackenzie) said:

Where is the patronage?

Mr. Manion: Does the minister suggest that he does not know where the patronage is?

Mr. Mackenzie (Vancouver): I defy my hon. friend to prove it. I defy my hon. friend to prove any patronage.

Why did the Minister of National Defence show so much annoyance about it? If it was patronage, patronage is not so bad after all. Patronage is the rewarding of friends who have fought for us in political campaigns. And when it is within the law there is no need to be scandalized about it. I remember that one who was guilty of patronage, who gave jobs to forty-seven or fifty-seven of his relatives, was my very dear friend the former premier of Quebec, Mr. Taschereau. Once I received a telephone call from the Minister of Justice asking me to speak at Quebec, at the Arena. It was a huge meeting, ten thousand people were there, the meeting was broadcast; it was in the midst of the provincial election campaign of 1931. Everyone I saw—I had to see the barber in the hotel, I was driven to the Arena in a taxi—was speaking about Taschereau having so many relatives employed in the provincial government. They said, "it is shameful." I said, "It is pretty bad." And I went to the meeting to defend the Taschereau candidate. I said: You say Taschereau is guilty of nepotism. It is true. But others are worse. He has forty-seven or fifty-seven relatives in the employ of the provincial government. That sounds very bad; but I know of one who was actually prime minister of Canada and who gave his brother-in-law a job that meant more in the way of financial return than all the Taschereau family together would receive. And at the time of the appointment of Mr. Herridge my hon. friend the leader of the opposition (Mr. Manion) was supporting Mr. Bennett, together with the hon. member for Leeds (Mr. Stewart); my dear friend the dean of this house, the hon. member for St. Antoine-Westmount (Mr. White), the various members for Toronto, the whip of the Conservative party, dear Davenport and Greenwood and Vancouver. They were all supporting Mr. Bennett and they found nothing bad in that. Moreover I was just about to speak during a very important debate when Mr. Bennett in the most tragic voice, like Father Barrett of the Barretts of Wimpole Street, said, "We must adjourn. I have to go to the hospital." He was going to the hospital to see poor dear Mr. Herridge, and strangely enough the fact that Mr. Bennett went there cured Mr. Herridge immediately, so that now both gentlemen can make speeches three times a day. But Mr. Bennett had to adjourn the debate in order to go to see his brother-in-law in the hospital.

Just here I should like to refer to what Lady Beaconsfield did on one occasion. She had accompanied her husband to the House of Commons at Westminster where he was to deliver a most important speech, and on arriving there caught her finger in the door of the carriage but did not say anything because she did not want to disturb him before he made his address. But instead of quoting history let us come back to patronage. My hon. friend the leader of the opposition made a distinction between patronage at large and patronage with regard to the manufacture of munitions, and in that I think he was right. At page 658 of *Hansard* he said:

I can understand a certain amount of patronage in other matters, but not in munitions. I do object to one man in all this country being chosen, while other industrial people are ignored, and given a contract totalling several millions of dollars.

Well, patronage is the same thing whether it has to do with munitions or anything else, according to the argument of my hon. friend, but he says it is worse in regard to munitions. Why? It is exactly the same thing, according to his own argument. He must remember that the Union government which he supported was most extravagant in regard to munitions. May I recall to him Miss McAdam's life saver with a hole in it? It was a marvellous shield, a shovel with a hole in it, and an enormous quantity was bought by the Union government, just to encourage Sam Hughes' secretary. And the leader of the opposition knows very well that the burden that is so heavy on our shoulders to-day is the war debt. The government he supported at that time may have used one-third of that tremendous amount of money, totalling more than two billion dollars, for real war purposes; one-third was wasted, while the other third was stolen by bandits and gangsters. He knows that, but nevertheless he supported that government.

Mr. MANION: I am sorry to interrupt my hon. friend but I should like to keep the record straight. I do not know anything about the matter he mentioned a moment ago, but since the hon. gentleman says so I presume it is correct, because I have great confidence in him. But I was at the front when the government was carrying on the war, and I was not supporting any government until 1918.

Mr. POULIOT: I thank my hon. friend for what he has just said, but coming back from the front in Europe he should have been in the front in Canada to fight such a rotten government.

An hon. MEMBER: You did not go across.

Mr. POULIOT: Each in turn. Now, if my memory serves me aright, in 1934 the present leader of the opposition was Minister of Railways and Canals. The hon. member for Cochrane (Mr. Bradette), who was also in the house at that time, spoke about patronage, and the leader of the opposition had to defend his own position. Here is what he said about patronage, and it is as sweet as milk and honey:

I admit frankly, however, generally speaking, that so far as the appointment of workers on works of my department in the city of Ottawa or elsewhere is concerned, we very frequently do accept the recommendations of the Conservative committee. What is the use of implying anything else, because everybody knows, as the Minister of Public Works has pointed out, that the same charge was made from our side of the house against the last government?

That was on February 16, 1934, and appears at page 651 of *Hansard* for that year. My hon. friend is like me; he is always sincere and honest, and he went on:

I say quite honestly and quite sincerely that there is no difference, generally speaking, between the system which obtains under this government and that which obtained under the previous one. Not only that, but I believe generally speaking there is a good deal to be said in defence of the practice. I do not mean to suggest that when a man is destitute he should not be given consideration; many of them are. Irrespective of a committee in this city I have on a number of occasions given positions to men who, it was represented to me, were in destitute circumstances.

I pay tribute to his good heart on those occasions, but this reminds me of the overture to a famous opera, I think it is Tannhauser. I am not sure about that, because I am not strong on music, but I remember how the voices of good and evil are heard at the same time. My hon. friend heard the voice of good that was in his own conscience and his own heart, but at the same time he was listening to the voices of those around him who were seeking patronage. Then, as he defined it at page 658 of *Hansard* for yesterday, patronage consists of choosing one man in this country while other industrial people are ignored, giving this man contracts totalling several millions of dollars. I will not say that he has always given contracts involving such sums, but I should like to mention here one instance out of thousands that could be mentioned. My hon. friend remembers when his leader, the lamented Mr. Bennett, gave a contract to the Foundation Company for $2,000,000 at Saint John, New Brunswick, without calling for tenders. I hope if the public accounts committee investigates the Bren gun contract it will get down to real business and investigate the awarding of that contract as well. That is one case; I could give others. Then I quote again from page 651 of *Hansard* for 1934:

That often occurs, I have not any doubt, in the Department of Public Works, my own department and in others. But, generally speaking—

Mark this.

—generally speaking, it is obvious that the government in power, whether it be Liberal, Conservative or even a government of my hon. friends in the corner—when, a thousand years from now, they gain power—will probably do likewise. It will naturally give consideration to its friends. I do not think any just criticism can be levelled at that.

This is for patronage. But there is something more, Mr. Speaker—something that astounded me. We have discussed—not I, but hon. members opposite—the Bren contract, without ever seeing it. That is incredible. In fact several members from both sides of the house spoke yesterday and I shall deal with them in turn afterwards. At page 695 of *Hansard* I see the following:

Mr. Stewart: Mr. Speaker, might I ask the Prime Minister or the Minister of National Defence to lay on the table a copy of the Bren gun contract?

Mr. Mackenzie (Vancouver): That was done on June 29 of last year, but if the clerk is not seized of it I would be most happy to get a copy or two for my hon. friend.

At noon to-day I phoned downstairs to get that very contract, and I was told that it had been gone for half an hour. Therefore all the hon. members who spoke on the Bren contract never read it.

Mr. MASSEY: It was tabled last year.

Mr. POULIOT: I take the word of the hon. member, but I wonder if he stayed long enough after the session to study it. And besides that, he is not a lawyer, and he has no authority to discuss the legal side of any contract—although he will.

Mr. MASSEY: Then my hon. friend has no right to discuss the engineering.

Mr. WOODSWORTH: The hon. member has just made the statement that no one had read the contract. I say it is not right that all the hon. members who have spoken in the debate should be charged with not having read the contract. It was open to all of us; it was available to all.

Mr. POULIOT: It was open to all hon. members, but it was locked in that room downstairs, according to the statement I had at twelve o'clock to-day. No one got it until eleven-thirty. Who got it I do not know. But perhaps they are mind readers and can read a contract that is in a steel locker.

Mr. WOODSWORTH: Mr. Speaker, as one who spoke, and as one who is concerned with this thing, I had access to the document some days ago and took my quotations from it. I think it is unfair for the hon. member to cast aspersions on hon. members who have spoken.

Mr. POULIOT: The hon. member for Winnipeg North Centre (Mr. Woodsworth) knows very well that I would not cast aspersions upon him. I take what he says. If he did that, and if the hon. member for Vancouver North (Mr. MacNeil), who has just risen in his seat, has read the contract, then they are the only two who have.

Mr. MASSEY: Oh, no; not at all.

Mr. POULIOT: Now, leaving aside the legal side of the contract—

Mr. MASSEY: Mr. Speaker, I demand that the hon. member for Temiscouata (Mr. Pouliot) withdraw that remark. I have read the contract.

Mr. MacNEIL: I wish to inform the hon. member that I obtained from the clerk of sessional papers a copy of the contract, which is still in my possession.

Mr. POULIOT: If my hon. friends have the contract, so much the better for them. But I regret to say that they have not understood a word of it.

Some hon. MEMBERS: Oh, oh.

Mr. STEWART: And you laugh at that.

Mr. POULIOT: There is another point to consider in this matter—

Mr. MASSEY: Mr. Speaker, no hon. member of the house—

Some hon. MEMBERS: Order.

Mr. MASSEY: —can make an insinuation about me—

An hon. MEMBER: He did not insinuate.

Mr. MASSEY: —nor can he make a direct statement involving me which is not in accordance with the facts, without withdrawing it; and I demand a withdrawal of the statement of the hon. member for Temiscouata that I have not read the report.

Mr. POULIOT: I submit I have not anything to withdraw. The house has to decide, from the hon. member's speech, whether or not he understood it.

Mr. MASSEY: On a point of order—

Mr. POULIOT: Mr. Speaker—

Mr. SPEAKER: The hon. member for Greenwood has the floor.

Mr. MASSEY: The hon. member has made a statement which I demand he withdraw.

An hon. MEMBER: What?

Mr. MASSEY: That I have not read the contract.

Mr. LAPOINTE (Quebec East): He has withdrawn it.

Mr. MASSEY: Understanding has not anything to do with it; that is a matter of opinion. It was the first thing—

Mr. POULIOT: Mr. Speaker, if I am allowed by the house to give an expression of my views, may I say that most hon. members confuse points of order and questions of privilege. A point of order may be well taken when an hon. member uses language which is unparliamentary, and therefore an hon. member may have to withdraw any unparliamentary language. But an hon. member need not withdraw to please another hon. member. The hon. member for Greenwood is a member of the house, as I am. I state something and he denies it. The statement is there; that is enough. I did not use unparliamentary language.

Mr. MASSEY: A minute ago the hon. member for Temiscouata referred to the hon. members for Winnipeg North Centre and Vancouver North, saying that these two hon. gentlemen were the only ones who spoke yesterday who had read the contract. I demand that that statement be withdrawn.

Mr. POULIOT: And I ask you, Mr. Speaker, to tell the hon. member to keep the peace.

Mr. MANION: Mr. Speaker, on the point of order, I think the hon. member, who is an old parliamentarian, knows he must accept the statement of the hon. member.

Mr. LAPOINTE (Quebec East): He has.

Mr. MANION: When the hon. member for Greenwood made the statement that he had read the contract, the hon. member for Temiscouata said he had not. In fact, he says none of us had. The hon. member for Greenwood says he did, and I think the hon. member for Temiscouata should accept that statement.

Mr. MACKENZIE (Vancouver): He accepted it.

Mr. POULIOT: The hon. member for Greenwood reminds me of the country lawyer who was arguing a case before a judge. After he had won his case, the judge said, "Why do you argue any more?" "Oh," he said, "I have a fine speech, to please my client."

Mr. MASSEY: Mr. Speaker, I am quite prepared to accept the statement—in fact I am prepared to thank the hon. member for Temiscouata for insinuating that I have already won my case.

Some hon. MEMBERS: Time.

Mr. POULIOT: This is childish. We will continue, and talk seriously.

Mr. SPEAKER: The hon. member has exhausted his time.

Mr. MACKENZIE (Vancouver): He has been interrupted.

Some hon. MEMBERS: Time! Time!

Mr. POULIOT: By leave of the house, may I finish?

Mr. MANION: No, no.

Mr. MACKENZIE (Vancouver): What about interruptions?

Mr. MANION: We were not given leave yesterday. The hon. member for Greenwood was not given leave yesterday.

Mr. LAPOINTE (Quebec East): He should not interrupt, then.

Mr. MANION: When a misconstruction of fact is made, he has a right to interrupt.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, I am sure the hon. member for Temiscouata (Mr. Pouliot) will pardon me if I do not attempt to follow him in what he has been saying.

Mr. POULIOT: You should finish my speech.

Mr. DOUGLAS (Weyburn): I am glad he gave members on the government side a good laugh. Some of them were looking as though they needed it pretty badly.

Mr. BRADETTE: You need a laugh once in a while yourself.

Mr. DOUGLAS (Weyburn): As the seconder of the motion to refer the matter to the public accounts committee—

Mr. DUNNING: And which you voted against.

Mr. DOUGLAS (Weyburn): —and as a member of the public accounts committee I wish first of all to take issue with the speech made by the Prime Minister (Mr. Mackenzie King) last Friday when he stated, in effect, that members who expressed themselves in this debate might possibly preclude themselves from being members of the public accounts committee.

Mr. DUNNING: He did not say that.

Mr. DOUGLAS (Weyburn): That is in fact what it meant.

Mr. DUNNING: No, it is not.

Mr. DOUGLAS (Weyburn): I would like to point out that at least in the last two or three years that has not been the practice. Questions have been referred to standing committees of this house after being discussed pro and con and after hon. members have expressed very definite opinions thereon. A resolution was moved in 1936 with reference to the high price of farm machinery. It was referred to the agriculture committee despite the fact that some hon. members had expressed themselves thereon. Last year and the year before a private bill having to do with small loan companies was referred to the banking and commerce committee after very strong and violent opinions had been expressed on both sides of the house. I think it should be made clear that the committee to which this matter is to be referred is not a judicial body. It is a committee of this house set up for the purpose of investigating, in this case, a contract, and to see whether or not the public interest has been properly guaranteed and the money of the taxpayers properly spent.

Last night the Minister of Agriculture (Mr. Gardiner) stated that the members of this group had voted against increased defence estimates in 1936, 1937 and 1938, and he went on to say:

> Every one of these hon. members was against the expenditure of even the relatively small amount of money that was being proposed at that time. Then what was the position taken when we came to the house in 1937 and asked for $37,000,000? The attitude was exactly the same.

May I point out to the Minister of Agriculture that the members of this group stated then, and they have stated oftentimes since, that the reason they could not and would not vote for increased defence estimates was, first, that they wanted a statement of the government's foreign policy in connection with which these defence estimates would be used and, second, that they wanted a guarantee that the very things which have come to light as a result of this Bren gun inquiry would not occur in Canada. In my

opinion the whole Bren gun inquiry is the best vindication of our consistent opposition in this house to increased defence estimates.

Mr. McLEAN (Melfort): That is why you are asking for the investigation?

Mr. DOUGLAS (Weyburn): May I turn to the report itself. In my opinion the full intent and purport of this report has never been appreciated. When it first came out headlines appeared in many of the newspapers. For instance, the Montreal *Gazette* of January 14 contained these headlines:

Bren gun contract held valid; full exoneration is given Mackenzie and Lafleche.
All charges fail.
Davis report clears everyone concerned in affair.
Ottawa is gratified.

Headlines such as these are misleading. In the first place no decision was possible with reference to the actual contract itself. I refer to page 49 of the report on which the commissioner is reported as saying:

I am unable to pass upon the substance as distinct from the form of the contract.

What the house is mainly concerned with and what the public accounts committee will be concerned with is not whether the contract was technically legal but whether the substance of it was such as to safeguard the interests of the Canadian people. As the commissioner says:

That is a question upon which the government and parliament, in the light of the evidence brought before the commission, must pass.

The commissioner had no power to pass upon the substance of that contract; he could pass only upon its form. As has been pointed out by other hon. members—I am not going to quote this report to death—from pages 31 to 34 will be found argument in which counsel pointed out to the commissioner that he had no jurisdiction to find misconduct because no charge of misconduct had been laid. When the Prime Minister (Mr. Mackenzie King) was speaking the other day he referred at some length to the wide terms of the reference, and yet I find this at page 33 of the report:

At the noon adjournment the next day government counsel stated that they were afraid that there was not very much that they could contribute in a way of a concrete suggestion, because after all it is a very general and very indefinite subject, having regard to the terms of the order in council.

As was pointed out by one counsel, I believe Mr. Hellmuth, usually when a royal commission is set up there is provision for suggestions with regard to future conduct, but there were no such provisions in the terms of reference in this particular case. May I point out that the Davis commission was a fact-finding body. It was not empowered to express opinions. It was not empowered to draw conclusions or to state whether one form of policy was better than another possible alternate form. What the commissioner did was to gather data, assuming throughout that the conclusions to be drawn would be drawn by parliament and by the people of Canada. There are many references to this. For instance, Mr. McRuer is reported on page 32 as having stated to the commissioner:

That is for the House of Commons. You are asked to report the facts, you are asked to report the evidence, and the opinions to be formed will be for the House of Commons, for the people at large, and for the press.

On page 35 I find the same thing. On page 50 I find these words:

The question is: Were proper and sufficient steps taken in this case to discharge that responsibility? Upon the whole evidence, that is a question for the government and parliament to pass upon.

I submit that the statement made when this report was first published that it was a whitewash, that it exonerated everybody, was not well founded. The commissioner did what he was supposed to do. He gathered the data and he left it to this parliament, to this government and to the people of Canada to arrive at conclusions based upon the data which he had collected and verified. He assumed throughout that he was gathering the data so that someone else could formulate a conclusion. Nowhere did he attempt to formulate conclusions with reference to policy and the safeguarding of the interests of the people of Canada.

The Prime Minister said the other day that there might be some people who would think the government was right in refusing a second investigation. I am sure that those who were responsible for moving this motion had no idea of a second investigation being held—not at all. The facts have been collected. Yesterday the leader of the opposition said that there was no value in threshing over old straw and calling witnesses again. Nothing was farther from our minds. The data are there; I believe there are some thirty-four volumes of evidence. The material is at hand, but at the present time there is no one empowered to draw conclusions or pass opinions on it. That is why we are asking that the matter be referred to the public accounts committee. We believe that in such a committee conclusions may be drawn and opinions expressed as to whether or not the public interests of the people of Canada have been properly safeguarded.

Referring to certain speakers who had preceded him, the Minister of Agriculture made this statement, to be found at page 679 of *Hansard*:

They have left inferences with regard to what the contract may have in it; but I repeat that no one has risen in his place and told us what the terms of the contract to which they take such serious objection are.

I propose to deal with only one phase of this contract—although there are many others to which we take serious objection—namely that the giving of this contract was a departure from declared policy in two particulars. I shall deal with them in order.

First, why was there a departure from the declared government policy of manufacturing munitions in government-owned plants? Hon. members will remember that the report points out on page 5 that the original agreement between the Dominion of Canada and the patentee provided that

—such manufacture shall be in a factory operated by the government in question.

That was not done. Why was it not done? It is part of government policy, because on page 10 of the report the Minister of National Defence makes that perfectly clear. I quote:

Under examination by Mr. Hellmuth the Minister of National Defence said that he had stated in the House of Commons last year (1937) that he believed in public ownership, personally, through and through in regard to armaments; "and I still say so." Mr. Hellmuth proceeded with some questions—

The answers to which I shall not bother reading, but will summarize by saying that in them the minister reiterates the view that he is in favour of the manufacture of munitions and guns in government plants.

The minister gives two reasons why there was a departure from this policy, and again I quote from page 10:

Q. So that there will be no inducement for people to make money out of necessities which arise from war?

A. Mr. Hellmuth, as a matter of an ideal objective, I completely agree with you; but you should read carefully the recommendations made by a distinguished committee to us early in 1937, in regard to ways of dealing with practical necessities of the Department of National Defence.

And the minister goes on to say:

You should read that.

That was the first reason given by the minister. I should like to refer the members to that report made to the minister in 1937. I have here a summary of it as it appears on page 2288 of the evidence. It was a committee that was set up under the chairmanship of Doctor Skelton. It was an interdepartmental committee, but we will call it the Skelton committee in order not to confuse it with another—the other—interdepartmental committee that was set up later on. The minutes of this committee were read into the records of the commission. They begin by saying that in 1937 a resolution had appeared on the order paper of the House of Commons—the resolution happened to be my own—calling for, in the event of war, the conscription of the economic, transportation and natural resources of Canada for the duration of the war. In the minutes the committee go on to say that there is a growing opinion in Canada that steps should be taken to take the profits out of war and out of preparation for war, and in view of that the committee made a number of concrete proposals. I shall not give them all, but I should like to read one or two.

Proposal No. 6 was this:

One proposal . . . to place manufacture of arms entirely in hands of state . . . the committee is unable to support such a proposal as being practicable under present conditions in Canada but there might be a case for some moderate extension of present government arsenals.

Then proposal No. 7:

The committee considered whether new legislation to control private profits might be attempted at this juncture, but they feel unable to suggest any specific legislative measures . . . which could be regarded as workable or effective.

In proposal No. 8 they say that the problem is an administrative one and that:

Control of profits and prevention of excesses can be most efficiently provided by appropriate administrative practice on the part of departments responsible for placing contracts and orders in defence program.

In proposal No. 9 they say that there is no hard and fast rule; that sound financial principles are proper safeguards. In proposal No. 13 are given a number of suggestions which Mr. Elliott, the income tax commissioner, had been asked to draw up, based on the experience that had been gathered during the last war. Mr. Elliott made a number of suggestions and submitted a report, and I just want to draw the attention of the house to one or two of his suggestions. One was that there should be caution to see that "share capital be not inflated by goodwill and other intangible values—that is, make certain that the value behind the share is cash or an asset having real value and paid for in cash or kind of equivalent value." He suggested also that there should be caution as regards salaries paid to executives and shareholders. Certainly these last two suggestions of Mr. Elliott have not been very closely followed.

I come back now to the minister's reasons. The minister says that his first reason for departing from declared government policy was the report of this committee. But this committee said that there might be room "for a moderate extension of government-owned arsenals." That was not done. Why was it not done?

The minister moves on to his second reason. He says that there were two schools of opinion in the department. He says that the chief of the general staff, General Ashton, and the former chief of the general staff, General McNaughton, had both been in favour of the manufacture of arms in government-owned arsenals, but there was another school of thought in the department that was headed by the deputy minister of national defence, which was opposed to the other. I want to quote just one sentence from a letter of the deputy minister of national defence to the under-secretary of state for external affairs. He says:

> An arrangement by which the government would take over such a plant and operate the same with its own employees as if it was a government-owned plant does not particularly commend itself to the government.

Here you have in the department two points of view. You have an interdepartmental committee saying that the government-owned plant could extend on a moderate scale, and two high officers of the department, General Ashton and General McNaughton, both favouring that, and the minister pledged to it so far as his declared policy in this house is concerned; and you have the deputy minister opposed to it.

But the minister says the main reason was that they did not have any money. I read now from the bottom of page 10 of the report:

> The minister said that General Ashton (the then chief of the general staff) was very insistent upon the development of government arsenals, and that the former chief of general staff, General McNaughton, evolved a very comprehensive scheme for Valcartier, which would include practically all the requirements of the Canadian forces.

Then the report goes on to quote the minister:

> That was considered after I went into the department, and I found that the cost of it would be something between $30,000,000 and $35,000,000. With my meagre $25,000,000 or $30,000,000, what could I do with a scheme like that?

Then this is what the commissioner said:

> But the testimony given before the commission established that only 60,000 square feet of space was necessary for the purpose of production of the 7,000 Bren guns for Canada as well as 5,000 guns for the war office and that an entire new building (apart from land) would cost approximately $120,000. In proposal "B" of Major Hahn (exhibit 11) of December 29, 1936, the building was shown at an estimated cost of $104,196.40.

I submit that on the minister's own evidence, both as to the report from the Skelton committee and as to the expense involved, we have not had any satisfactory explanation why the government's declared policy of manufacturing munitions and arms in government-owned plants was not carried out.

I move to the second departure from policy. Why was there a departure from the government's declared policy of competitive bidding? In the case of the Bren contract there was, first of all, favoured treatment of one manufacturer and one company. That goes almost without saying. One individual, on the basis of a letter of introduction from a member of this house, was brought into contact with the minister and the deputy minister of national defence, was given first of all snapshots of a gun supposed to be secret and allowed to take it for examination, and was later given a letter to bring him into closer contact with the British authorities. I have no quarrel with that, but when that letter of introduction was not sufficient for him to get the contacts he required he was made a representative of the Canadian government; and from that time on it is very difficult to determine when he is a private contractor seeking a contract and when he is a government representative. It is a sort of "off again on again gone again Finnegan" combination. The most amazing thing of all is that favouritism was shown to the extent that this person —I do not know him personally and I do not cast aspersions upon him; I am dealing with the government, because they are the responsible parties—who was given preferred and favoured treatment throughout, submits expense accounts for work done which in the main was being done in order to procure contracts for himself and the firm of which he was president.

At page 2200 of the evidence I find that there were vouchers of claims up to $20,000 submitted by the John Inglis Company. On October 9, 1936 there is an item of $79.95 and a charge for Major Hahn of $50. This question is put to the deputy minister:

> Q. Is this the same day on which Major Hahn called at your office and saw the Bren gun set up?
> A. Yes.

Here we have an account for a man calling at the office of the deputy minister to get an entree into the munitions business. An account was submitted! In the same evidence, under exhibit 262, there is a charge

of $326.80 between March 14 and March 18, 1938, account rendered for expenses incurred while being at Ottawa to get a contract out of which he was to make a living.

I submit that any group of fair-minded people would say that this was preferred and favoured treatment. No one else in Canada in that business got treatment like that. And may I point out that there was no bidding. No one else was informed that the government intended to go into the manufacturing of Bren machine guns. I refer the house to page 29 of the report. The Minister of National Defence is being questioned by Mr. Hellmuth. I quote:

Q. There was never the slightest effort, was there, to interest or invite any of these firms to tender, or to make an offer to manufacture the Bren gun?

A. No, I do not think there was.

No one was informed; and yet we find on page 8 this question put by Mr. Hellmuth:

Q. You did not give anybody else a chance?
A. Nobody asked for it.

Well, no one could ask for a chance when no one knew that the government had in mind the manufacture of these guns, according to the minister's own statement. I wonder if the minister honestly meant a statement like that, that nobody had asked for a chance. Are we to assume that from now on all companies in Canada who have facilities for manufacturing munitions are to come once a month or once a week or every day, up to this house and to ask, "Are you manufacturing Bren guns to-day?" Is it to be a sort of Fuller brush pedlar idea? Nobody asked for it! They could not ask when the government had not announced their intention of manufacturing these guns.

It is sometimes said that no one else could make these guns. That was said so often that finally the commissioner began to lose his patience, and on page 1949 of the evidence he said. "Don't be talking to me about one source of supply. I do not want to hear it again. It is ridiculous." Of course it was ridiculous.

I might point out that the objections I am stating to the fact that there was no bidding did not come only from outside the government. There were serious objections among the officials comprising the interdepartmental committee set up by the Prime Minister to investigate the matter. I refer now to the evidence at page 1948. This is from the minutes of the interdepartmental committee set up to act in conjunction with the department of National Defence in giving munitions contracts, and this is what the deputy minister of finance had to say. I am quoting from page 1948:

Doctor Clark then stated that his only objection to entering into a contract with the John Inglis Company was the fact that competitive tendering had not been entered into by three or four other companies capable of manufacturing guns, explaining that he could not, as a member of the committee, take responsibility for the way in which this particular company was selected.

That is pretty strong language. The deputy minister of finance, Doctor Clark, one of the ablest economists in Canada, said that he could not take responsibility for the manner in which this business was being handled because there was no competitive bidding. Now I submit that the government have a right to tell us, and to tell the public accounts committee, why no tenders were called for. We have a right to know whether the situation was carefully canvassed with reference to all outside manufacturers of munitions, in order to ensure that the taxpayers were getting full value for their money. We have a right to know why an objection made by perhaps the ablest business man on the interdepartmental committee was overruled and ignored. We have a right to that knowledge.

I wish to call the attention of the house to this fact, with reference to the officials concerned on the interdepartmental committee, that on two scores their desires and their opinions were either ignored or overruled. As I have said, the committee is on record as in favour of a somewhat moderate extension of the present government arsenals. I refer the house to page 2288. General McNaughton and General Ashton were in favour of it. The government is on record in this house as being in favour of it, and the only person on record as not in favour of the manufacturing of guns in government plants is the deputy minister of national defence. And yet, in spite of that, there was no attempt to carry out the declared policy of manufacturing in government-owned plants.

The officials on the interdepartmental committee were in favour of competitive bidding. They could see no reason why the Inglis company should receive preferred treatment. I quote from page 37 of the report, where there is a reference to the testimony of Mr. Elliott:

Mr. Elliott, in giving his testimony, said that after the chairman (the deputy minister) had opened the meeting with a general statement indicating the purposes for which the meeting was called the committee began to take an active part in the sense of asking

questions, and getting to grips with the problem. In so doing the committee indicated that competitive bids should be one of the main considerations, and one of the first considerations.

And the deputy minister explained that this could not be done. Why? Again I quote Mr. Elliott, page 39. He said that—

—in discussing the financial status of the company, the history of the John Inglis Company was adequately disclosed to the chairman—

That is the deputy minister.

—namely, the essential point being that it was known that it had been in receivership.

Mr. Elliott continued:

> The chairman indicated that he had an understanding—exactly how it was acquired I do not know—from England, that they would not deal with any other firm.

Pressed as to exactly what was said, Mr. Elliott put it this way:

> I said as a statement of fact that the chairman stated to us that he believed, or he was of the opinion, whichever way you wish to put it—he believed that England would not place the contract with any other company in Canada.

That was a serious statement. The interdepartmental committee were apparently not very well satisfied.

Mr. Elliott said that the suggestion was then made that a cable be sent to England to ascertain definitely England's position in respect of competitive bids.

> The chairman pointed out that to ask such a question at this juncture might endanger the placing of the British order, and endanger thereby the loss which he obviously was anxious to save Canada in the cost of the machinery and equipment. The committee nevertheless did not take such notice of that opinion as to withdraw their desire to have the cable sent. They were willing to risk the danger. The form of the cable was then drafted.

The deputy minister (but not without the subsequent approval of the committee) amended their draft cable before it was sent (exhibit 188). Moreover, the deputy minister sent a very long cable himself at the same time to the war office.

In order to keep the record straight I want to say something about these cables. I have copies of them here. I have the cable that was sent by the interdepartmental committee after it had been altered by the deputy minister, of course with the sanction and approval of the committee. It is found at page 1578 of the evidence. It is as follows:

> Kindly advise by cable production cost in England of Bren light machine gun specifying which major cost factors have been taken into account and given percentage of each cost factor to the whole. Also the production schedule to which the figures apply. If exact figures are not available close approximation would be much appreciated. This suggestion on agenda discussed to-day by interdepartmental committee when advisability of obtaining tenders on cost plus basis from limited number of selected companies including John Inglis Company was considered. It is private and not public tender that is intended. The committee would like to know if this would affect the placing of your order in Canada realizing the probable delay incurred thereby. This information is for confidential use . . . interdepartmental committee which is working on proposed contract.

I would draw the attention of the house to the words that were inserted at the instance of the deputy minister of national defence: "from limited number of selected companies including John Inglis Company"; also: "It is private and not public tender that is intended."

I have here the reply of the war office and also the private cable sent by the deputy minister of national defence to the war office to explain the one that had been sent by the interdepartmental committee. And I have the reply that came back to the deputy minister from the war office. My time is getting short, so perhaps I cannot read it, but after very carefully reading these cables from beginning to end I defy any hon. member to find any indication that the war office stated at any time that they were not willing to deal with any company other than the John Inglis Company.

On the basis of that statement and of his insistence the deputy minister either ignored or overruled the two wishes expressed by the interdepartmental committee; one for a moderate extension of government-owned arsenals, and the other for the principle of competitive bidding.

What was done about this other statement of Doctor Clark? I quote from page 1949 of the evidence:

The Chairman—

That is, the deputy minister.

—reminded the members that on a previous occasion the precise question came up as to whose responsibility it was for picking a likely firm to manufacture the gun, and at that time, some six months ago, he told the committee that his department would have to take the responsibility.

At page 1952, in reference to Doctor Clark, the minutes say:

> He stated that he wished it understood by the public and the government that the committee had reviewed the financial aspects of contracts such as this, and considered them fair and reasonable—

I am quoting now the statement of Doctor Clark.

—but in this contract he stated that he would not say that they are.

And what happened? The chairman, that is the deputy minister of national defence—

then explained that the wording of the report to council was not such as to involve the members of the committee in matters of choice. . . .

What was this committe set up for? When they had finally come to certain conclusions and the deputy minister of finance said he would not accept responsibility for this method of selection, that he did not think it a good business arrangement, the deputy minister of national defence overruled him and said that his department would have to accept the responsibility and that the members of the interdepartmental committee had no power of choice. What power had they?

One thing more. Was any report ever made by this interdepartmental committee to the government? I have here in the evidence the statement made by the Minister of National Defence himself, as found at page 2364, where he says:

The only report I ever received was from the deputy minister who was chairman of the interdepartmental committee.

And that was a verbal report. He never had a brief from the committee. That interdepartmental committee was set up by the government to safeguard the interests of the people of Canada. Did the Prime Minister ever get a report? Did the Minister of Finance ever get a report? No. But his deputy minister had objected to this contract as an unbusinesslike arrangement. Did other members of the cabinet know that perhaps the finest financial mind among the government's officials objected to this method of selecting the company? Of course they did not. I doubt if the Minister of National Defence himself knew it; all he knew about was the verbal report given to him by the chairman of the committee, the deputy minister of national defence, who throughout the sittings of this committee had ignored and overruled the opinions expressed by members of that committee.

Mr. DEPUTY SPEAKER: Order. I regret to interrupt the hon. member but I have to inform him that his time has expired.

Hon. H. H. STEVENS (Kootenay East): We are discussing a motion by the hon. member for Vancouver North (Mr. MacNeil) to refer what is known as the Bren gun agreement to the standing committee on public accounts. It will be noticed that no instructions are included in this motion. I propose, before I take my seat, to suggest an amendment which I hope will be acceptable to the house. What I shall say this afternoon will be uttered in as dispassionate a manner as possible. I should like to discuss the question frankly and in a way to appeal to the good judgment of the government themselves and hon. members of the house. Obviously I cannot cover all the ground, or any very large portion of it, in the time available to me; so I am not contending that my argument to-day will be a complete argument of the case. I should like to base what I have to say upon a paragraph which will be found on page 50 of the report of the royal commission on the Bren gun contract, and which has already been referred to by a number of speakers. There, referring to the question whether an article should be manufactured by the government or by private interests, the learned judge says:

. . . the heaviest sort of responsibility falls upon those charged with the duty of selecting the individual, firm or corporation to manufacture the article. The question is: Were proper and sufficient steps taken in this case to discharge that responsibility? Upon the whole evidence, that is a question for the government and parliament to pass upon.

As far as I am concerned as a member of this house I accept my own responsibility to review this situation, as advised or suggested by the learned judge who presided over that commission.

Before discussing the contract, which I propose to do, I should like to make a brief reference to the statement of the Prime Minister (Mr. Mackenzie King), that in submitting the reference to Mr. Justice Davis, the commissioner, he enclosed in his letter a press release; and the right hon. gentleman suggested, as I certainly inferred, that he thought this was quite sufficient. I am not quarreling with him in that regard, Mr. Speaker, but another press release was given out from the Prime Minister's office at the conclusion of the inquiry. That second release was sent throughout the length and breadth of Canada; the general headline based upon the wording of that release was the term "exoneration," with the inference that everything connected with the Bren gun contract had been satisfactorily explained to the commissioner.

Mr. MACKENZIE KING: May I say that my hon. friend is entirely wrong. There was no press release sent out from my office at the end of the inquiry. I want to make that emphatically clear; there was nothing authorized, directly or indirectly. The only statement that went from my office was that the report was in my hands and that no one had seen it.

Mr. STEVENS: I accept the right hon. gentleman's word unreservedly, but in justice to myself I must say I was told that the dispatch carried by the Canadian Press was handed to them by the private secretary of the Prime Minister. I may be wrong.

Mr. MACKENZIE KING: That is absolutely wrong.

Mr. STEVENS: I accept the Prime Minister's statement.

Mr. MACKENZIE KING: I can assure my hon. friend and the house that no statement was given by me or any of my secretaries.

Mr. STEVENS: It would be interesting, I think, to know where that statement came from. It came from some source associated with the government. The question, however, I was going to ask was: When that latter release to the press was given out, wherever it came from, was it first submitted to the learned judge who presided over this commission, in regard to its accuracy or its harmony with his findings? I doubt whether it was.

Mr. MACKENZIE KING: I do not want to interrupt my hon. friend too often—

Mr. STEVENS: I have accepted my right hon. friend's explanation without reserve.

Mr. MACKENZIE KING: The point I want to bring out is this: For myself I could never see that there was any authority for that statement from any source. Such reports as appeared seemed to me to be something that some member of the press itself had sent out, without authority from any source.

Mr. STEVENS: I shall check the source of my information, but of course in the meantime I accept the right hon. gentleman's word on the matter without reserve.

Conditions in Canada in regard to defence have been represented as serious, and this year we are asked to vote $63,000,000 for the purpose of defence. What we are doing in this contract is initiating a practice. We are laying the foundation of a practice to be followed in the expenditure of this huge sum of money. If this contract and its method, style, form and nature are now approved and accepted, then we can take it that in the expenditure of that part of this $63,000,000 which goes to this class of work, the same sort of policy will be followed. Therefore in my opinion it is extremely important that we, the houses of parliament, should be satisfied with the basis on which we are now entering upon a huge expenditure which may be followed in subsequent years by still further expenditures, since this is a ten year contract.

Mr. MACKENZIE (Vancouver): No.

Mr. STEVENS: I am coming to that, if my hon. friend will permit me. If that be so, it means that in future years we are going to follow the same practice we are here following. I mention that merely because it emphasizes the importance of this contract.

There are three ways in which we could approach this great, serious task, which on several occasions the right hon. Prime Minister has indicated he considers a very onerous and grave responsibility. There is government production; there is contract by tender, or there is the cost-plus basis with a selected contractor. These are three methods; there may be others that modify them to a certain extent. I want to get to the contract itself; so I am not going to take time just now to argue as to the advisability of public production. Let us assume that we are going to accept the principle of production by private concerns. In that case I submit, and if time permitted I think I could demonstrate fully, that it would be infinitely preferable to place this or similar orders with a number of firms qualified to do the work.

Let me just indicate briefly, by way of illustration, what I mean. I am not a technician, so I may speak rather recklessly in this regard; but I understand that in a gun of this kind there is the tripod, or whatever the thing rests upon; there is the rough frame of the gun, what might be called the stock, and then there is the barrel, which is a comparatively simple article to manufacture. Then somewhere in that gun, as in all weapons of this kind, there are some intricate parts which must be manufactured. There would be no difficulty in giving to certain firms orders for barrels and to other firms orders for tripods or frames. These are simple articles. Of course they must be made right, but there are scores of firms who could manufacture that sort of thing. Then you come to the intricate part, which I am told calls for perhaps fifty, seventy-five or one hundred gauges, the most delicate instruments it is possible to procure. I am told that in some forms of production over a hundred, and perhaps two hundred, gauges may be required for different parts which are of an exceedingly delicate nature.

Mr. MACKENZIE (Vancouver): More than that; three hundred and ten, if I am not mistaken.

Mr. STEVENS: In any case my hon. friend will agree that it is an extremely delicate

process. Great care should be taken, in dealing with this part of the work, to select a firm that not only is organized to-day to do this class of work but also has a staff accustomed to it, such as superintendents, foremen of machine shops or portions of machine shops and experts of that kind, of course over and above the experts who understand the complete article. I submit that we might have borrowed from the old country—

Mr. MACKENZIE (Vancouver): We have; three of them.

Mr. STEVENS: Very good—experts who would advise with those who are competent to carry on this work. But my point is that, with the utmost respect and consideration for the group who secured this contract, it cannot be argued for one moment that they had any organization. They had no organization, whereas on the other hand we might have gone to one of a dozen firms in this country whom I could name, who are engaged in precision tool work of some kind, who have the experts, who, under the leadership of the ordnance experts brought from the old country, could have taken up this matter very quickly and readily, and who have the organization and the nuclei at least of a plant for the purpose.

It is said that this is a good contract. Well, I have read over the contract, and I think it is a good contract—

Some hon. MEMBERS: Hear, hear.

Mr. STEVENS: —for the contractor.

Some hon. MEMBERS: Hear, hear.

An hon. MEMBER: Too soon.

Mr. STEVENS: And I will point out why. In making that statement I am not casting any reflection upon the contractor. His business was through his solicitors, and it is common knowledge that a man will get the best contract he can. I have read the contract with care, and I believe it is an excellently drawn contract, for the contractor. In some respects of course it protects the interests of the government. That we would expect. But I believe I shall show, before I take my seat, that there are provisions in the contract which are at least questionable—I shall just put it in that way.

The Minister of Agriculture (Mr. Gardiner), who spoke yesterday on behalf of the government, suggested that nothing had been said against this contract by Colonel Drew; that nothing had been said against it before the commission by any witness—in brief that nothing had been said against the contract. I shall suggest a few things—and the minister invited us to make suggestions—which I think should make us pause before we sanction or place the approval of parliament on the Bren contract.

In the first place it is a contract giving a licence for ten years. The contract states:

> The terms of this licence shall be for a period of ten years from the date hereof.

And then it says that the terms of this licence may be renewed or extended for a further period of ten years. It may be argued that the licence is not an exclusive licence—and, by the terms of the contract, that is true. But it would be hard to persuade me, when I read the whole contract, that it is not intended to be what is virtually an exclusive licence. Or, I will go farther: If under the terms of the contract the government, as they are bound to do, supply all the machinery for the production of the gun—and those are virtually the terms of the contract—how on earth could anyone else get into the game, after the manufacturing gets under way? How could that be done, unless the government repeats, with a second licencee, the same thing they did for the original licencee? So, whether or not the licence is exclusive in its terms, it is exclusive in its nature, and in the facts surrounding it. That is my first objection.

My second objection lies in the following:

> The party of the second part—

That is the company; really it is Major Hahn.

> —undertakes and agrees with the party of the first part to manufacture 7,000 of the said Bren gun, as defined in schedule 1.

And then it says:

> There will be installed in the buildings made available by the party of the second part the machinery, tools, dies, jigs and gauges necessary for the manufacture of the said Bren gun, in accordance with exhibit A attached and forming part of these presents, it being expressly agreed that the machinery therein mentioned when so installed shall be capable—

Mark these words:

> —of being utilized to produce Enfield rifles, pistols and other small arms as well as parts and components thereof.

Obviously the contract contemplates its extension to include the manufacture of articles other than Bren guns, or that language would not be in there.

Mr. MACKENZIE (Vancouver): Not necessarily.

Mr. STEVENS: Again I agree with the minister. But with an exclusive contract financed by the government of Canada and with machinery supplied by the government of Canada—

Mr. MACKENZIE (Vancouver): And Great Britain.

Mr. STEVENS: —surely it is not going to be suggested that in connection with a company equipped, as they say it must be—it is obligatory on the contractor—to manufacture Enfield rifles and pistols, no one contemplates giving them that work to do. Is the government going to set up another manufacturer, in the same way? Not at all. The minister knows that once the contract was running smoothly—and it would have been, had we not interfered—there would have been an extension of the contract to these other lines.

I may say it was the talk around Ottawa last May and June that this firm was on the way to being a real munitions producer and was going to get other work.

Mr. MACKENZIE (Vancouver): On a point of order, the minister knows nothing of the kind. There have been no obligations, nor has there been any permission of any kind whatsoever given, with reference to this firm, in regard to any other contract.

Mr. STEVENS: Delete that clause from the contract, then; it is not necessary. Let us delete it. I object to the contract because that clause appears in it.

Then the next point:

As compensation for the said machinery, tools, dies, jigs, gauges—

And so on.

—the party of the first part shall pay to the party of the second part an amount computed on a basis of two-thirds of that set out hereunder, of which the said two-thirds shall be payable by the said party of the first part in the manner hereunder set forth—

This point has already been dealt with by the hon. member for Weyburn (Mr. Douglas).

1. A sum not exceeding $20,000, in respect of actual cost of preliminary investigation. . . .

I object to that, and I will point out why. There is not a manufacturing concern in Canada which does not at times come to Ottawa. It is open to any manufacturing concern in Canada to come to Ottawa, as they do by dozens, always paying their own expenses. They consider such expenses out-of-pocket, day-to-day expenditures incidental to business. It is absurd for the taxpayers of this country to be asked to pay $20,000 for "planning and engineering" services, entirely apart from the contract. That is important, and is another of my objections.

Mr. MACKENZIE (Vancouver): Did the hon. member read the evidence in regard to that?

Mr. STEVENS: I have read the evidence.

Mr. MACKENZIE (Vancouver): What was it?

Mr. STEVENS: Well, Mr. Speaker, I have only forty minutes in which to speak.

Mr. MACKENZIE (Vancouver): I am sorry.

Mr. STEVENS: I do not mind being interrupted, but I do wish to do the job the Minister of Agriculture, or some other member, invited me to do. I have read the evidence. But I say I object to that provision, because I think it is unreasonable. I think it is unfair to the government. It is something which is not done commonly in connection with business of this kind.

Mr. MACKENZIE (Vancouver): It has not been done.

Mr. STEVENS: No, I would not be surprised if this sum were not paid; and I would say the minister should be commended if, after this exposure of the matter, it should not now be paid.

Mr. MACKENZIE (Vancouver): The suggestion never came from me.

Mr. STEVENS: It is in the contract, and I am bound by—

Mr. MACKENZIE (Vancouver): The suggestion never came from the Canadian government, either.

Mr. STEVENS: There are in the contract many things which I certainly hope were not suggested by the Canadian government.

But let us go on.

2. The actual cost to the party of the second part of such machinery, tools, dies, jigs and gauges as it procures from outside sources.

I am not taking great objections to that, so long as the principle I have indicated is adopted. Then:

The actual cost—

And I am reading this for a purpose.

—to the party of the second part of such machinery, tools, dies, jigs and gauges as it manufactures.

And then comes this:

Such other costs, as are set out in section 5 of this agreement, as are properly chargeable under this contract in the fulfilment by the party of the second part of its obligations up to date of commencement of manufacture of the Bren gun.

That is one of those omnibus clauses which allow a contractor to work in what we commonly call, in government contracts, overages.

Mr. MACKENZIE (Vancouver): Not necessarily.

Mr. STEVENS: Incidentals. It is a covering clause and I object to it. The next clause, however, is illuminating. It reads:

Ten percentum of the actual cost of tools, dies, jigs, and gauges purchased by the party of the first part or the party of the second part; ten percentum of the actual cost to the party of the second part in respect of such tools, dies, jigs, and gauges manufactured by it as mentioned in paragraph three of this section; ten percentum of such costs as are mentioned in paragraph four of this section.

Paragraph four is the one to which I have just referred, under which obligations up to the date of commencement of manufacture, not mentioned under the $20,000 clause, are covered. They are to get ten per cent of that as well.

Mr. MACKENZIE (Vancouver): That is the British practice.

Mr. STEVENS: I do not care whether it is the British practice or not; I object to it. Here is another point to which I object:

The party of the first part shall also pay the cost of such conversion of the plant of the party of the second part as is in the opinion of the party of the first part necessary or advisable in making the said plant suitable for the carrying out of the terms of this contract but no such cost shall be repaid to the party of the second part, except such as has been given prior approval by the party of the first part.

It may be argued quite properly that this is a fair clause, but my point is that it was represented that this firm or this group of individuals had a number of plants equipped for this purpose. It was stated in 1936 that there were a number of plants equipped for this purpose, but here in 1938 we are agreeing under a contract to pay all the costs of equipping and converting this plant. I should like to quote from a letter of October 20, 1936, from the deputy minister of national defence to the under secretary of state for external affairs. This letter appears on page 20 of this report, and I quote as follows:

—and representing a reliable group which controls certain manufacturing plants—

Plural.

—capable of manufacturing armaments and munitions located in a large industrial centre.

By no stretch of the imagination can it be said that this plant was capable of manufacturing munitions.

Mr. GARDINER: Did they not do it during the last war?

Mr. STEVENS: The minister asks, did we do it in the last war?

[Mr. Stevens.]

Mr. GARDINER: No, this plant.

Mr. MACKENZIE (Vancouver): Does the hon. member know anything of its record?

Mr. STEVENS: I know the record of the plant and I knew the late Mr. Inglis quite well. It is a splendid company, but it is not equipped for the manufacture of munitions of this kind.

Mr. MACKENZIE (Vancouver): Why not? Does my hon. friend know anything of the record of this company during the late war?

Mr. STEVENS: They manufactured shells and other kinds of munitions, but they did not manufacture this gun.

Mr. GARDINER: What the hon. member has just read does not mention the Bren gun; it refers only to the manufacture of munitions and armaments.

Mr. STEVENS: The people of Canada are to pay the total cost of converting this plant into a munitions plant. I pointed out further that the group which got this contract represented that they had a plant suitable for the manufacture of munitions. The next point to which I object is this:

The party of the first part shall pay the cost of dismantling and moving the same as well as the cost of replacing in its original condition, subject to reasonable wear and tear, such property of the party of the second part as has been originally moved or shifted by reason of the installation in the plant of the party of the second part.

That may be considered a normal clause to have in a contract provided you accept the principle that you are going to take a plant not suitable for manufacturing munitions and convert it at public expense into one suitable for that purpose. If you accept that position then you must accept the position of replacing it in its original condition if the contract is cancelled. But I object to that particular part of the contract. Reference is made to the price of the said Bren gun and spare parts thereof as ordered by the party of the first part, but I cannot cover all this long list. I shall, however, cover a few to which I take exception. One clause reads:

(a) The sum of all costs, as hereinafter defined, properly incurred in connection with the manufacture of the said Bren gun and spare or component parts thereof.

Then the contract enumerates certain exemptions such as sales tax, royalties, licensing fees and, mark you, interest on bank loans. That is covered by paragraph four of subsection (a)

of section four. Then on page ten of the contract we find a clause dealing with interest on bank loans which reads:

Interest on bank loans raised by the party of the second part for the purpose of providing any additional plant which may be required and approved by the party of the first part.

First, it exempts interest on bank loans, and then this clause is included. I object to the apparent contradiction, not to say deception, in those two clauses. Then it goes on:

It being expressly agreed that the total amount payable under this clause and under section 3 (e) (5) of this contract shall not exceed the sum of two hundred and sixty-seven thousand dollars ($267,000) in respect of seven thousand (7,000) guns as defined in schedule 1 attached hereto.

It has been emphasized over and over again that a limitation is placed upon the profits of this company, that limit being put strictly at $267,000. The house will notice a qualifying phrase in section 3 (e) (5). In other words, it exempts from this limitation that section to which I have already referred, namely, section 3 (g) which deals with the cost of dismantling and depreciation, which are exempted. The limitation does not protect the country against additional expenditures in connection with those operations. Here again I object to the form of the contract.

I turn now to later clauses in the contract dealing with depreciation in the value of the buildings. The contract states:

The annual rates of depreciation to be allowed shall be 2½ per cent on brick or stone buildings, five per cent on wooden buildings, and ten per cent on machinery, other than on machinery referred to in section 3 hereof.

There is already included in the contract wear and tear brought about by manufacturing the gun. Anyone who knows anything about industrial plants and the setting up of depreciation accounts in the operation of a plant, knows that when a plant is in operation it is maintained. This plant is to be maintained throughout the whole term of the contract at the cost of the people of Canada. Yet in addition to that, depreciation such as I have mentioned, particularly ten per cent on the machinery, is to be allowed. Wear and tear, lubrication and other things are provided for in the contract; we are paying for renewal and maintenance, and in addition we are to pay ten per cent depreciation on machinery.

My time is almost exhausted, and I come now to one point that I desire to make. In the schedule, named exhibit D, we have an extraordinary statement:

Schedule of deliveries from date of execution and delivery of the attached agreement:
24th-36th month inclusive, 1,000 guns—

That is, three years from last March, 1,000 guns; next, four years from last March, 3,000 guns; next, five years from last March, 6,000 guns; and next, five and a half years from last March, 2,000 guns. In other words, Mr. Speaker, we are told that the reason why this contract was made was the pressure of time, the immediate need, the danger, and here we have the first gun coming in three years after the signing of the contract—no, the first 1,000 guns are to be delivered three years after the signing of the contract.

Mr. MACKENZIE (Vancouver:) Will my hon. friend compare that with the record of any other country?

Mr. STEVENS: Here are the facts. The minister may in his own mind justify it, but I am questioning it.

Mr. SLAGHT: The statement of the hon. gentleman is inaccurate, and he ought to withdraw it and read the contract. Three years, he said, before the first gun is to be delivered.

Mr. STEVENS: I corrected that, and said 1,000 guns to be delivered within the three years.

Mr. SLAGHT: No; 1,000 to be delivered within twenty-four to thirty-six months. Read the contract.

Mr. STEVENS: That is three years. I read exactly what is here: 1,000 guns to be delivered twenty-four to thirty-six months after the signing of this contract. Make whatever you like of it.

My time is almost gone, and I should just like to make this observation in the few minutes remaining before I read my amendment.

I think the contract is an improvident one. I want to say this to the Prime Minister: I am not at all disposed to attack the good faith of the minister or his staff; but I do say that the record of the evidence, of the interdepartmental committee, and the observations of the learned judge who drew up that report, must raise in the minds of anyone who will read it grave doubts as to the wisdom of this contract. I have gone through it myself with some care. I have touched hastily on only a few points in connection with it. My opinion is that this contract should be cancelled; we can pay the necessary compensation that might be warranted, and then let us start this big expenditure of $63,000,000 on a sound basis. This contract is the most unfortunate basis from which Canada could possibly launch forth upon an expenditure of $63,000,000.

One reason why we do not approve of this matter going to the public accounts committee as proposed by the motion, is that there are no instructions given to the committee. The matter simply goes to the public accounts committee, and we all know what happens in committees. It is extremely difficult, with one party having an overwhelming majority on the committee, to get an impartial discussion. This house is the place in which the discussion should take place.

Mr. MACKENZIE (Vancouver): You are having it now.

Mr. STEVENS: We are having it now. I come now to my amendment, and I am sure the Minister of National Defence will welcome this. We think this amendment is preferable to the motion because it lays on parliament all the responsibility, and we want to say to those who proposed the motion, in perfectly good faith, that while we do not wish the matter to go to the public accounts committee, we shall certainly support the motion for sending it there if all our efforts to get the matter dealt with on the floor of this house are defeated. We want to make that very clear. All the essential facts are before parliament. Everything we can possibly ask for is in the evidence and in the report, and so I now move, Mr. Speaker seconded by the hon. member for St. Antoine-Westmount (Mr. White):

That all the words after the word "to" in the fourth line thereof be struck out and the following substituted therefor:

"The committee of the whole house, with instructions that the committee consider the advisability of cancelling the said contract."

The amendment seems to arouse the mirth of the Minister of Finance (Mr. Dunning). Apparently he does not agree with his deputy on this matter. The motion, Mr. Speaker, will then read:

That the agreement for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement and all related documents, evidence, vouchers and exhibits, be referred to the committee of the whole house with instructions that the committee consider the advisability of cancelling the said contract.

I submit, Mr. Speaker, that this amendment is properly discharging the responsibility placed upon parliament by the learned judge who presided over the royal commission.

Mr. A. G. SLAGHT (Parry Sound): Mr. Speaker, I refrained from participating in the debate on the address, feeling that the wealth of numbers and material from all quarters of the house had made a sufficient contribution to the discussion at that stage; and having so refrained, I desire the house to know that I expect to be able to represent the views of my riding of Parry Sound from time to time as specific matters come before us.

Not having addressed the house before this session, may I crave its indulgence to digress for one moment to pay a tribute to the hon. leader of his majesty's opposition in this house (Mr. Manion). I have not had the privilege of knowing him intimately for very long, but I may say that he has a personality which has entirely captured me so far as his demeanour, his sense of humour, and all those good qualities we like to find in our fellowman are concerned. If during the course of my remarks in this debate I find it necessary to criticize his public utterances and conduct and to refer, perhaps shortly, to some doctrine that he has laid down in the book which he wrote for the guidance of the people with regard to the vilification of public men in public office and with regard to other topics that seem to me apropos to this debate, he will understand, I know, that there is nothing personal in what I say but that it is his public utterances and his public desire to instruct the people of Canada with which I quarrel.

We find ourselves, Mr. Speaker, engaged in a serious debate. Being, I find, a member of the public accounts committee, I shall, in reviewing now some phases of this question, endeavour so far as possible not to pass final judgment upon the contract under review, and not to pass final judgment upon the report of the Hon. Mr. Justice Davis, which has been so much discussed. But I do propose to endeavour to have the members of this house and incidentally the people of Canada, understand the genesis and the raison d'être of the fuss that has been raised in its various forums and the history with regard to the contract for the manufacture of Bren guns.

I propose to charge the young man who wrote this article with having done so for a purely political, partisan purpose. I propose to take this house, if I may, to a convention room in the Royal York hotel on November 9 and to quote a statement made by the young gentleman in bidding for the leadership of his provincial party, a statement he made with reference to this matter which will stamp him in language that I would refrain from using. I propose then to deal very shortly with the course adopted before the royal commission, and then, if time permits, with the course adopted by the hon. gentlemen who occupy the front benches opposite, and who have made such eloquent speeches in denunciation of our beloved Minister of National Defence of Canada (Mr. Mackenzie).

Let me first make reference to some pages of what I regard as a most entertaining and

delightful book. I regret that my hon. friend opposite who wrote it, in addition to his ripe and wide experience in many phases of life, had not had the privilege of spending ten years of his life, as I did of mine, with the miners and prospectors of northern Ontario. If anything could have widened his experience and improved his book it would have been that. An interesting topic which the leader of the opposition purports to deal with for the instruction of his readers is found at pages 271 and 272 where he deals with the vilification of public men. At page 271 he points his thesis by writing of an experience. Let me read what he says:

> On one occasion many years ago, while idling in the smoking room of a pullman car, I listened to a conversation in which politicians were roundly condemned for their "grafting and crookedness," the critics not being aware that a member of the house was among them. Getting tired of their criticism I turned to the loudest among them and said.
>
> "I happen to come from Ottawa—know many members very well—and am convinced that as a class they are as honest as other men. Would you mind telling me upon what you base your statements that members of parliament are grafters and crooks?"
>
> "I am sorry, sir," he replied apologetically, "but I have nothing whatever to base them upon. I have heard others say the same thing, and was merely repeating their statements."
>
> Upon such gossip does reputation often founder! It is as unwise as it is unfair that vilification of this kind should be indulged in, certainly unless one can prove his accusation to be true.

Mr. MANION: Hear, hear.

Mr. SLAGHT: There is some more wisdom laid down in this same volume. The hon. gentleman has undertaken to tell us what the duty of an opposition in parliament is, and I trust that his extended experience in that capacity may not be cut short too soon. I should like to make a brief reference to what he says in this book. At page 275 I quote:

> From 1926 to 1930 we spent four more years in the shades of opposition. It is a free-lance life, with plenty of opportunity for criticisms and little real responsibility for the proper carrying on of national affairs, for the party in power makes it a question of honour to have its own way. An active opposition may be of great use to a government and to a country if it uses its powers of criticism in a sane and constructive manner—

I call attention to the next few lines, which contain the nut in the coconut of this debate:

> . . . but few oppositions worry overmuch about constructive suggestions, aiming rather to point out the blunders of a government, and rarely showing sufficient generosity to praise worthy actions.

Mr. MANION: I wrote that right after I had observed my right hon. friend (Mr. Mackenzie King) in opposition for five years

Mr. SLAGHT: I take it the hon. gentleman was sincere, after his experience in opposition, when he related what he and his confreres thought was the duty of an opposition. I do not agree with him and I do not commend his view to the youth of Canada as indicating the duty of an opposition. If he will search the records of British parliamentary life he will find that the best tradition in England dissents entirely from such a statement as that which he has written.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. SLAGHT: Mr. Speaker, just after the house took recess several hon. members asked me for the name of the book from which I had quoted, which name I inadvertently omitted to state. The name of the book is, "Life is an Adventure;" the author is the leader of the opposition (Mr. Manion), and it may be procured at any reputable bookshop for the modest price, I understand, of $2.50. I assure my hon. friend I am seeking no part in the royalties.

I stated that this whole Bren gun agitation was, in my view, inspired by purely political motives, and I propose to spend the few minutes at my command in outlining my reasons for making that statement. We had a scholarly and interesting address from the hon. member for Kootenay East (Mr. Stevens) just before recess. I disagree with most of what he said, but in these times of war and strife I feel that the house should be congratulated upon the fact that two of the great parties of Canada have found peace and are now under the one banner: the great Reconstruction party and the great Conservative party—the National Conservative party.

Mr. LAPOINTE (Quebec East): Formerly the Liberal-Conservative party.

Mr. SLAGHT: I have not always agreed with the hon. member for Kootenay East, but I think it is to his everlasting credit that in this debate he was quick to dissociate himself from his new-found leader in his imaginative and bitter criticism directed against the Minister of National Defence (Mr. Mackenzie). We did get a clue from the speech of the hon. member for Kootenay East as to the inside workings of this Tory cabal to destroy the Minister of National Defence. In the course of his remarks he

was, as I noted it, referring to the contract, and he said or predicted: "Once this contract is running smoothly, which it would have been had we not interfered," then so and so would follow. There is the clue to the situation, and the disturbance in Canada for the last eight months: "Had we not interfered it would have been running smoothly." No truer word has been uttered in this debate. Notwithstanding the admitted interference, for purely partisan purposes I repeat, the contract has been, to the disappointment of my hon. friends opposite but to the great satisfaction of the people of Great Britain and the British war office, running more than up to date on its commitments.

Let me digress for a moment to refer to the evidence of Mr. Gillespie who was called as a witness. He has been and is in charge of the John Inglis plant for the production of these guns. I refer to page 3091 and following pages of the evidence taken before the commission.

An hon. MEMBER: Who is Mr. Gillespie?

Mr. SLAGHT: I am glad to tell the hon. member who Mr. Gillespie is and then to tell him what he says. Mr. Gillespie was for thirty-eight years in the employ of the British war office. He was for eighteen years in charge of the royal small arms factory at Enfield, the greatest munition producing factory in the British empire. He agreed to come to this country and undertake the supervision of this contract in the John Inglis Company's plant for the life of the contract, and the British war office released him to Canada for that purpose. His duties in the royal small arms factory at Enfield were—I paraphrase the evidence—to develop the manufacture of all sorts of small arms and machine guns, guns that would take the ordinary rifle cartridge. His evidence discloses that he was sent by the British Ministry of Munitions to the United States, to help them with their difficulties in regard to small arms, and spent some time in various factories there, including the Winchester repeating arms factory at Schenectady, the Remington factory at Ilion, and the Savage company. What does that gentleman say, compared with the slanderous imputations from the other side of the house that this firm and its equipment are not capable of producing the Bren gun as required by the terms of their contract? At page 3106 we find the following, in reference to the Inglis organization:

Q. And from your experience with them here what do you say as to their efficiency as engineers in charge of production, or in charge of planning for production of Bren guns?

[Mr. Slaght.]

A. I would say they are one hundred per cent.
Q. One hundred per cent?
A. Yes.
Q. Well that is pretty good.

The Commissioner: As the school boy says, it is not good, it is perfect.

That is the testimony of a man who is qualified to speak. We have discovered in our midst a young engineer. Let me say that while I disagree with 99 per cent of what he said I think he made a masterly presentation of a bad case, as he is always capable of doing. I have complimented him upon that; I regard him as one of my friends in the house, and I hope I am right in that. But are we to take the speeches of young engineers and of hon. gentlemen on the other side of the house who have achieved a great deal in their respective spheres, and throw out the testimony of a man who is preeminent in the manufacture of munitions in the British empire to-day? The people of Canada will not take long to choose.

Mr. MANION: Did the hon. gentleman say that Mr. Gillespie is the head of the Inglis company?

Mr. SLAGHT: No, my friend misunderstood me. He is lent to the Inglis company by the British war office.

Mr. MANION: But he is in charge of the Inglis company now, do I understand?

Mr. SLAGHT: Yes, and he was there when they opened the doors and put these workmen to work, and has been there ever since. He was called to testify, and the arrangement is that he stays until this contract is fulfilled.

Mr. MANION: And I understand in that evidence he is speaking for a company which he is managing at the present time? I understood the hon. member to say that this gentleman is manager or superintendent or something for the company at the present time; is that right?

Mr. SLAGHT: Yes, for the John Inglis Company; that is right.

Mr. MANION: So he was speaking of his own company when he said it was so up to date.

Mr. SLAGHT: Yes, but does my friend suggest that he prevaricated? He speaks with a record of thirty-eight years in the British war office behind him.

Mr. CLARKE (Rosedale): Was he engaged before the contract was signed; was that one of the reasons?

Some hon. MEMBERS: Order.

Mr. SLAGHT: No, I want to answer.

Mr. CLARKE (Rosedale): Was this man Gillespie signed up with the company that received the contract, prior to their getting the contract?

Mr. SLAGHT: No. Let me tell my hon. friend that when the British war office notified the Canadian defence department that they had made a satisfactory draft contract for the production of Bren guns for them in Canada, concurrently with that they said, "We will give you our best man to see it through."

Mr. GARDINER: Cooperation with the British by hon. members on the other side!

Mr. CLARKE (Rosedale): The hon. member is sure—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member for Parry Sound (Mr. Slaght) has the floor. If the hon. member wants to put a question to him it can be done only with his consent.

Mr. CLARKE (Rosedale): I do not wish to take up the time of the speaker, being very well acquainted with him for a number of years—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Question.

Mr. CLARKE (Rosedale): I have only one question: Is the hon. member quite positive of what he is saying?

Mr. LAPOINTE (Quebec East): This interruption has taken three minutes, Mr. Speaker.

Mr. SLAGHT: Let me answer my hon. friend. I believe, definitely, that I have stated the facts. I have studied the evidence, and I think if my hon. friend has read it—which I very much doubt—he will find that the statement I have made is absolutely correct. We can all make mistakes here and there, but let my hon. friend read the evidence, and then point out the mistake.

That, Mr. Speaker, brings me to a point with which I had not intended to deal here. My hon. friends on the other side of the house, in all their criticism, have failed to tell us one thing. In the friendliest way I challenge the leader of the opposition if he has read the evidence—which I doubt—to tell us what part the British war office took in scrutinizing the contract which they made, which is on all fours with the Canadian contract under attack except as to the quantity of guns and except as to one provision which we put in for the protection of the government of Canada, and which the British war office did not even insist upon. It is all very well for my hon. friend to say to me, "Oh, you can deal with that." If he wants to present a fair case to the people of Canada, why does he criticize Mr. Orde, who, as I understand it, was a Conservative appointee?

Mr. MANION: I did not criticize Mr. Orde at all.

Mr. SLAGHT: Why does he suggest that the experts in Canada, legal, engineering and otherwise, made any error in advising their government to enter into this contract? Does he forget that for long months the British war office, whose experience goes back a hundred years, whose expert engineers and legal counsel I say transcend a hundredfold all the carping criticism that came from the other side, scrutinized a similar contract, which now bears the signature of the British war office and which they desire to have carried out? Why not be fair? Why sit down without dealing with that point when invited to do so? Under his theory of the duty of an opposition does he present the carping criticisms and refuse to acknowledge the good that may lie in the subject under discussion? That is not his exact language, but it is a paraphrase of his conception of the duty of an opposition, and he has demonstrated it to the *n*th degree in his conduct during this debate.

Now let me get to my real point, Mr. Speaker—

Mr. MANION: Hear, hear.

Mr. SLAGHT: Thank you—and it is this: From the day the *Maclean's* article was published it was a plan and scheme conceived in the brain of the young man who wrote it, for what fee has never yet been disclosed—my hon. friend says $500. I do not know. It might have been $500, or it might have been thirty pieces of silver. I am not sure as to which it might have been. But let me tell my hon. friends across the way that from that very day there has been a consistent cabal to close the plant of the John Inglis Company.

Mr. HARRIS: Perhaps the hon. gentleman will tell us something about fees.

Some hon. MEMBERS: Order.

Mr. HARRIS: Fees; he knows about fees. What was the fee that the author got? I am asking the hon. gentleman a question. Will he tell me what the fee was for the *Maclean's* magazine article?

Some hon. MEMBERS: Order.

Mr. SLAGHT: What is the hon. gentleman's question?

Mr. HARRIS: Would the hon. member tell us what was the fee for the article to which he referred?

Mr. FRASER: The hon. member knows that now; why is he asking?

Mr. HARRIS: No, I do not; I am asking for information. We have an hon. gentleman speaking who knows more about fees than all the rest of this House of Commons put together. Tell us about the fee; tell us what it was.

Mr. SPEAKER: That is not a proper question.

Mr. SLAGHT: When my hon. friend finds me accepting a fee to traduce a contract that is on all fours with a contract entered into by the British war office, which means a supply of guns and ammunition for the mother country when she is in dire need, then he can bring in any criticism of me he wishes.

Let us see what George Drew wanted, and I would ask hon. members to notice the date I am about to mention. An interview appeared in the press on September 1, 1938. That interview was with Mr. Dingman of the *Globe and Mail* staff, appearing in the *Globe and Mail* of September 2. The heading is:

Drew Demands Work Stopped on Bren Guns. Would Close Inglis Plant till Probe of Deal is Concluded.

That is a significant date, September 1. A reference to the report of the commission will show that the report was brought in on December 29. If George Drew had had his way the Inglis plant would have been closed down for three months and twenty-seven days so that a young politician might become leader of his provincial party. Will any hon. gentleman across the way dare state, now or later, that he approves such a demand? The question answers itself; no. Did Colonel Drew consult the British war office as to what effect it might have on their plans if the Inglis plant were closed for four months? Certainly not.

Mr. MANION: It could be closed for four years and make no difference.

Mr. SLAGHT: My hon. friend has now allied himself, as I hoped he would not, with an attempt to close the Inglis plant when the British war office had urged that the work be carried on. This young gentleman did not stop at that. We all know of the two months during which the inquiry proceeded, in which he took a prominent part as counsel. We know that he is a member of the bar of Ontario, and we know that members of the bar, both British and Canadian, have a clear understanding that matters sub judice, as it is said in law, or matters which have not been finally dealt with by a tribunal before which evidence has been presented, should not be discussed in public, certainly not by a counsel engaged in the case and certainly not by a quasi litigant or accuser.

Let me take you, Mr. Speaker, to that historic room in the Royal York hotel where so many of my Ontario friends on the other side gathered on December 9, and bear in mind that the report came out on December 29. In his bid for leadership of the provincial party, at a convention where Bren guns and federal matters were not apropos unless they were dragged in for political purposes, this young man made a startling statement. This time I quote from the Toronto *Telegram*. Some of my hon. friends were there, and to their credit I believe their hearts stood still and they were shocked when they heard this utterance. The leader of the opposition smiles his usual bland and delightful smile. If he was in the room and did not rise and protest he should be ashamed of himself. At this time all the evidence was in; the commissioner was doing his best to make up his mind, to deal with a difficult task and prepare his report, and this is what this young gentleman said:

You have heard of the Bren gun inquiry.

It does not say, "cheers," but the reporter may have missed the cheers.

There is no doubt what is going to happen on that subject. There will be no Bren gun contract with the government when the next session opens.

Mr. LAPOINTE (Quebec East): He is a prophet.

Mr. MACKENZIE (Vancouver): Ordering the judge.

Mr. SLAGHT: Well, what was it? In the first place it was an arrant falsehood. Does anybody quarrel with that statement? In the second place it was a bid for provincial leadership. Does anybody quarrel with that statement? In the third place—

Mr. CASSELMAN: He was then the leader.

Mr. THOMPSON: May I ask the hon. member a question?

Some hon. MEMBERS: Sit down.

Mr. SPEAKER: Order.

Mr. THOMPSON: I know the hon. member wants to be fair. I was at that convention, and this was after the convention was over.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. THOMPSON: It was the night meeting, after he was appointed leader.

Mr. SLAGHT: There is one gentleman who was there. Did he rise and say, "How do you know?" Did he say, "You are discussing a matter that is sub judice?" Did he say, "Look out, Mr. Drew; your statement is going to be published in every newspaper in Germany to-morrow morning?" No, he did not say that.

Mr. THOMPSON: He made the statement after he was appointed leader.

Mr. SLAGHT: Well then, it is all the worse, because it ties the hon. member in with him. I assume the hon. member was a supporter of his, in his acquiring leadership.

Let me then in all seriousness point out to the house what happened. If he had had his way he would have shut the Inglis plant for the four months. He could not do it.

Mr. HOMUTH: Hear, hear.

Mr. SLAGHT: My hon. friend says, "Hear, hear." May I name him, because I want his name on *Hansard*. The hon. member for Waterloo South (Mr. Homuth) says, "Hear hear," that the Inglis plant should have been closed for four months, when the British war office were urging by telegram, and everything else, "Get out those Bren guns as fast as you can."

But that was not all. The torch was thrown to the boys at Ottawa—"Let us cancel the contract."

Mr. PERLEY: "The Shadow knows."

Mr. SLAGHT: "Let us cancel the contract." Eight months of production, which Mr. Gillespie says has been right up to date—one hundred per cent—although I did not read further extracts in which he said that the contract is right up to the minute. But the statement is there. The torch is thrown to Ottawa, and to my amazement and surprise hon. gentlemen opposite want now to cancel the Bren gun contract with the Inglis company.

I wonder if the five friends of my hon. friend the leader of the opposition, knowing his views on patronage, which the hon. member for Témiscouata (Mr. Pouliot) exposed this afternoon, whispered to him, "Let us get this contract cancelled—out of the way. We would like to nibble at it."

Mr. MANION: What five friends?

Mr. SLAGHT: The five gentlemen whose names the hon. member refused to disclose; the gentlemen who were jealous, apparently, because they could not get a chance at it, the contract. How can I name his five friends, when he is ashamed to name them himself?

Now, Mr. Speaker, there is much more I can show to you, but—

Mr. MacINNIS: What have you shown?

An hon. MEMBER: Nothing.

Mr. SLAGHT: Let me digress to say this—

Mr. SPEAKER: Order.

Mr. SLAGHT: The hon. member is a virile young member of the house, and I like him and his interruptions. I want to say before I am shut off that, having regard to the situation in Canada to-day, I believe the position of the two groups in the opposite corner of the house is entirely different from that of the Conservative party opposite.

An hon. MEMBER: They are playing politics.

Mr. SLAGHT: Of course they are playing politics. I believe that the report of the commissioner was one which made it perfectly proper and right for my hon. friends in the far corner to ask parliament to look further into the matter. I regret we are going to waste time to do so. Someone has said we have most of the facts, but my friends are within their rights, and the Prime Minister (Mr. Mackenzie King) was gracious enough to say that they could have his support. I do not want anything I say to-night which shows the history of an infamous cabal to apply at all to either of the groups opposite to my right.

Now, let me say just a word about two friends of mine, the first of whom is the hon. member for Trinity (Mr. Plaxton). Just a word as to him. I suggest his whole course in the matter, as disclosed by the sworn testimony, has been actuated by one motive, and one motive alone, namely the desire to serve his own people in Trinity constituency in Toronto. He has been completely vindicated by a judge of the Supreme Court of Canada. Is it for that desire that he is to be pilloried and torn to pieces, with barbed and poisonous insinuations—the imaginings in which the leader of the opposition said he deals. His imagination led him to paint a vivid picture of things that the learned judge did not say. He could not quarrel with the things the learned judge did say. With all his fire and eloquence he was pointing to the wall behind me, and he had me turning round in my seat to look at the five portraits the judge had painted.

Mr. MANION: Did the hon. member see any of them?

Mr. SLAGHT: No, I did not see any of them; that is the point. And without the slightest desire to be offensive let me suggest to the hon. member that he is suffering from "political delirium tremens." In another month we shall find him pointing to rats under his chair.

Mr. MANION: Is that what one sees when one has delirium tremens?

Some hon. MEMBERS: Time.

Some hon. MEMBERS: No, no.

Mr. SLAGHT: My hon. friend is a greater authority than I am. I never have enjoyed the privilege of having that disease, and I know he never has.

Mr. MANION: Then I would say my hon. friend is very lucky.

Mr. SLAGHT: There is a cure for it; if you are suffering from it, you can be cured.

An hon. MEMBER: Pink elephants.

Mr. SLAGHT: But to be cured you must repent, and to repent you must confess. Repentance without confession is an empty vessel. One way for my hon. friend to confess is to confess his political sins to the Speaker of the house. And I will invite him, on a future occasion when we deal with tariff matters, to make full repentance and to endeavour then, if he can, to get absolution from the people of Canada.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but his time has expired.

Mr. SLAGHT: I wonder—

Some hon. MEMBERS: Time.

Mr. MASSEY: Mr. Speaker, I hesitated to interrupt the hon. member for Parry Sound (Mr. Slaght) while he was speaking, but I understand from the rules of order that it is unparliamentary to impute motives to any members. He stated repeatedly during his speech that those of us on this side of the house who have spoken spoke from purely political motives. I ask that that statement be withdrawn. I refer to standing order 41, citation 297, which reads:

> The imputation of bad motives, or motives different from those acknowledged, misrepresenting the language of another—

And so on. The remarks of the hon. member were unparliamentary and called for prompt interference, and I ask the hon. member to withdraw.

Mr. SPEAKER: The hon. member has not mentioned any statement by the hon. member for Parry Sound (Mr. Slaght) which refers to him personally and, therefore, I do not think the point of order is well taken.

[Mr. Manion.]

Mr. MASSEY: The hon. gentleman referred particularly to those of us who had spoken. I am one of those and I refuse to have any member of this house accuse me—

Some hon. MEMBERS: Order.

Mr. MASSEY: —of speaking from purely political motives.

Mr. SPEAKER: The hon. member for Parry Sound did not mention the hon. member for Greenwood (Mr. Massey).

Mr. LAPOINTE (Quebec East): Even that would not be out of order. Speaking from political motives is not out of order, and I wish that no other motives could be attributed to me.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I rise to support the motion to refer this contract to the standing committee on public accounts. As I understand the motion of the Minister of Finance (Mr. Dunning), along with the contract will go the auditor general's report. In my opinion the Bren gun contract which we are now discussing is in effect only an incident. It seems to me that this house is now under an obligation to look into other phases of the expenditures of the Department of National Defence. We can begin where the Davis report left off.

I do not propose to follow the hon. member who has just taken his seat except to say that learned counsel as he is, he played up a few arguments which might possibly catch the ears of his listeners. I would merely point out that he made a great play of the fact that interference with this contract would result in slowing up the British rearmament program. Has he read the contract? If he has he knows that it calls for the first delivery of guns in twenty-four or thirty-six months. That being the case, how can any action of this parliament at this time slow up the delivery if, as we have been told, this concern is ready, willing and able to manufacture machine guns for delivery to the government?

I contend that in the light of the existing records of the department, of this house and of the interdepartmental committee from which the hon. member for Weyburn (Mr. Douglas) quoted this afternoon, the matter of the Bren gun would seem to be most extraordinary. In view also of the replies which have been given at various times to questions asked in this house, one is forced to the conclusion that the minister either paid little attention to the affairs of his department and signed important documents without understanding them, or failed to give this house proper and adequate information when called upon to do so. As a matter of fact,

I believe that the first mention of the Bren gun in this house was made by myself almost two years ago. I find that on February 22, 1937, after discussing rumours that certain factories were to be called upon to make munitions, I asked a question of the Minister of National Defence (Mr. Mackenzie). As reported on page 1108 of *Hansard* of that year I said:

. . . are we experimenting with any guns produced in Czechoslovakia? I have in mind the Bren machine gun. If so, what are we paying for these guns?

To this question the minister replied as follows:

I believe it was the year before last that two were ordered by the department; ten more are now on order. The Bren is a new automatic machine gun which up to now has been manufactured in Czechoslovakia. I understand that the rights of the manufacturer have been purchased by the British government and that they are to construct as soon as possible a factory in the United Kingdom for the extensive production of that type of gun. The department has been looking into the question with a view to having the gun manufactured in Canada.

The minister said that the department had been looking into the question with a view to having the gun manufactured in Canada. As a matter of fact, the Davis report shows that the high commissioner wrote from London on February 27, 1936, a year before, concerning this particular matter. We find the following on page four of the report:

By letter dated February 27, 1936 (exhibit 68) the office of the High Commissioner for Canada in London advised the Secretary of State for External Affairs of the Canadian government that in connection with the adoption of the Bren light machine gun by the British army an agreement, dated May 24, 1935, had been made by the secretary of state for the war department with the patentee embodying the terms and conditions under which the gun could be used and manufactured by the secretary of state for war and a copy of this agreement, together with a copy of a letter from the war office dated February 26, 1936, were enclosed. Particular attention was drawn, in the high commissioner's letter, to the statement in the war office letter that in making the agreement opportunity was taken of including therein provision to enable his majesty's governments in the dominions, in the event of their adoption of the gun, to take advantage of the terms of the agreement should they desire to do so. The agreement covered the patented invention for the machine gun itself as well as a certain tripod from which the gun could be fired and a filling machine for use in connection with the gun. One of the conditions of the said agreement relating to the possible manufacture of the said gun by the dominions was that

such manufacture shall be in a factory operated by the government in question.

The statement "such manufacture shall be in a factory operated by the government in question" stands out in the report. The Davis report goes on to say on page five:

As early at least as June 3, 1936, the actual requirements for Canadian defence were put at approximately 7,000 of these guns.

The minister stated that the Bren gun production was our most vital necessity in the Dominion of Canada. Nearly nine months later he merely stated that the department had been looking into the matter, and a little later, on the same evening, February 22, 1937, I asked the minister:

What company has secured the manufacturing rights of the Bren gun?

Mr. Mackenzie (Vancouver): None so far. Several have been endeavouring to do so.

That is, to manufacture the Bren gun in Canada.

Let us now turn to the report of the Davis commission, and what do we find? The minister stated on the stand that no one had asked for an opportunity to manufacture the Bren gun. I ask, having in mind those two statements, how can it be said that the evidence given before the Davis commission was correct? Or, if the minister on the occasion of his appearance before the Davis commission was giving an accurate statement of what was a fact, why were we told in the House of Commons a year and a half before that there were persons who were desirous of manufacturing the gun? I say, as my leader pointed out in relation to the questions which he asked last June, that the answers are grossly inaccurate and misleading.

Now let me turn to the evidence, where we find this, that following the interview with Messrs. Cameron, Hahn and Plaxton, the minister wrote the following letter—I am quoting from page 19 of the report, but first let me read the introductory paragraph:

Following upon the interview with the minister on October 19, 1936—

That is the interview to which I have just referred.

—and without waiting for the report of the inspector who had been asked by the department on October 10 to inspect the Inglis plant in Toronto, there was sent by the deputy minister of national defence to the under secretary of state for external affairs on October 20, 1936, the following letter (exhibit 74) suggesting, in view of Major Hahn's early departure for England, the desirability of communicating with the high commissioner as soon as possible.

Then follows the letter:

Sir,—

I have the honour to refer to previous correspondence pertaining to the Bren light machine gun, following on which the Department of

National Defence has been investigating the question of the manufacture of this gun in Canada. Major J. E. Hahn, D.S.O., M.C., a former officer of the Canadian expeditionary force, and representing a reliable group which controls certain manufacturing plants capable of manufacturing armament and munitions located in a large industrial centre where the labour and material factor is stable and favourable, has been in communication with the department.

I would draw again particular attention to the phraseology—"a reliable group which controls certain manufacturing plants"—when as a matter of fact the group was not known to the minister or known, apparently, even to the deputy minister, and moreover when it did not possess a single plant equipped to manufacture the Bren light machine gun. I say that this statement sent overseas was certainly misleading. A little later in the same letter we find this:

In this connection the department must consider the possibility of the gun being manufactured in a plant or plants other than government owned, such as for example those controlled by Major Hahn and his associates.

If ever a misleading communication were forwarded from the Dominion of Canada to the motherland, certainly this communication was of all of them one of the most misleading, and I say that on that account alone the deputy minister should be disciplined, and that the minister, who says that he takes responsibility for this letter, was either ignorant of the facts, negligent of his duty, or incompetent, and therefore should not continue to hold the position which he holds to-day.

That I submit, Mr. Speaker, is the only conclusion which can be drawn from the evidence and from this letter in particular. Why, it implies that Major Hahn and his associates had plants and were a reliable group. How did the minister or the deputy minister know that they were even financially reliable; for it was not until May, 1938, that confirmation of financial reliability of Major Hahn was submitted in a letter from the Bank of Montreal. And yet in the face of those facts we have a letter of introduction going out which, to my mind, was a strong recommendation of Major Hahn and his associates.

Moreover, what plant had they? This letter is dated October 20, 1936, and it was not until the day before, according to the report, that the representative of the bondholders accepted the offer made by the Hahn interests for the Inglis plant. Moreover the plant was being investigated by an inspector under the department. His report was already on the way, available in a day or so, and yet in the face of what must have been knowledge that this report was in hand, this letter was sent out for the guidance of those overseas who would have something to do with the placing of the contract.

So I say that when on the other side of the house it is said that the Davis report is a vindication of the minister and of his department, it would seem to my mind to be, on the other hand, a serious questioning of the minister and of his department; and we who are members of this parliament are called upon to adjudge the issue. I want to say to hon. gentlemen opposite that speeches of the type we have heard to-night will not help because in those speeches the points at issue are not taken up. This afternoon we enjoyed the sallies of the hon. member for Témiscouata (Mr. Pouliot), but he did nothing to refute the arguments of those who have condemned this contract. To-night we heard the hon. gentleman who preceded me, the hon. member for Parry Sound (Mr. Slaght), who, as I said earlier, like a clever counsel, was quite obviously doing his best with a bad case.

Mr. GARDINER: His speech will be remembered long after that of the hon. member.

Mr. COLDWELL: That is quite possible. It will be remembered by those who delight in that kind of cheap political claptrap.

Mr. GARDINER: May I ask the hon. gentleman whether he considers absolute proof that the men loaned by the British war office regarded this plant as suited to the purpose, as cheap political claptrap?

Mr. COLDWELL: I would say that the British war office had no other advice than the kind of advice that was tendered in the letter which I was discussing, and that was distinctly misleading advice.

Mr. GARDINER: They had the advice of one of their own appointees.

Mr. COLDWELL: I do not know who the gentleman was.

Mr. GARDINER: He was mentioned; the hon. member was not listening.

Mr. COLDWELL: I am going on the evidence that was submitted to the commission.

Mr. GARDINER: That evidence given before the commission was read to the house to-night.

Mr. COLDWELL: In any event the judge did not think it worth while to mention him in his report. That is not the only matter which, in my opinion, should be referred to the committee—not to rehash the evidence

that was given before the Davis inquiry, but to see that similar incompetence does not occur in connection with further huge expenditures that are contemplated. It seems to me that the Bren gun contract has served a useful purpose in bringing before this house the necessity of careful inquiry into expenditures that have been made or are about to be made by the present Minister of National Defence. Millions of dollars have been appropriated for defence since the war; many millions have been appropriated in the last two years, and yet over and over again we are told that this country is defenceless. Is it not about time that parliament made a thorough inquiry and investigation into how these expenditures are made, and into those who are responsible for making them? I say that inquiry into this contract is necessary because perhaps it may become a typical contract, and we do not want that to happen. That is why I am warmly in support of the motion of my colleague the hon. member for Vancouver North (Mr. MacNeil).

The Minister of Agriculture (Mr. Gardiner) last evening criticized us for opposing increased defence estimates. At page 682 of *Hansard* he is reported as saying:

> And when this government came to the house during the first session of this parliament to ask for $25,000,000 for national defence, what was the position taken by the hon. member for Vancouver North (Mr. MacNeil)? What was the position taken by the hon. member for Rosetown-Biggar (Mr. Coldwell)? What was the position taken by the hon. member for Winnipeg North Centre (Mr. Woodsworth) and the hon. member for Winnipeg North (Mr. Heaps)? What was the position taken by all hon. members of the group sitting opposite and to the right of the official opposition?

The minister will perhaps remember when I remind him what that attitude was, and I will quote from *Hansard* of 1937. When the hon. member for Vancouver North spoke he made a statement on behalf of the group with which he is associated and at page 882 of *Hansard* he is reported as saying:

> I submit that one of the first and most necessary contributions to national defence, and one that should be made before we pay over additional millions, is so to purge the present establishment as to place it on a businesslike and sensible basis. Eliminate patronage, social nonsense and obsolete military routine and there might be some opportunity for men in that department to do something, men who have some technical knowledge and grasp of the requirements of national defence. If the country wants defence, there might then be some hope of its getting money for its money.

That was one of the grounds upon which we opposed those estimates; and if hon. members will look through the discussions during these three years they will find that points similar to those contained in the statement which I have just read were made over and over again by members of this group. The second point upon which we opposed the estimates was the fact that no one knew exactly how these armaments were going to be used, what the foreign policy of the government was, or what the policy of the British administration which the government was following happened to be.

Last night the Minister of Agriculture quoted Sir Thomas Inskip as he spoke on July 20, 1936, in the British House of Commons. The minister said that he was there. I ask him, did he hear the speech which immediately preceded that of Sir Thomas Inskip, the speech of the leader of the Liberal party in Great Britain, Sir Archibald Sinclair? It is strange to me that in debates on foreign policy the government of Canada, which calls itself Liberal, always quotes the leaders of illiberalism in Great Britain. I have before me what Sir Archibald Sinclair said and I am going to put it on the record. Sir Archibald, in the summer of 1936, said almost in identical language exactly what this group has said in this house in connection with our defence estimates.

Mr. GARDINER: I stated that last night.

Some hon. MEMBERS: Oh, no.

Mr. GARDINER: I pointed out that the opposition had opposed it on three occasions and this was the third occasion on which Sir Thomas was trying to disprove their statements.

Mr. COLDWELL: And I am pointing out that if the Liberal leader in Great Britain—

Mr. MARTIN: We are not obliged to follow him.

Mr. COLDWELL: Pardon me?

Mr. MARTIN: Surely there is no obligation on the part of this house to pay lip-service to a leader who happens to bear the same name in another country?

Mr. MacINNIS: There is no danger.

Mr. COLDWELL: Liberalism, as I have understood it in Great Britain, has stood for something; in Canada it is simply a meaningless name. That is why I will place on the record what Sir Archibald said, in order to show that a government of Canada which calls itself Liberal follows on the contrary the foreign policy of a British government which is far removed from Liberalism in its widest and best sense.

Mr. McLEAN (Melfort): The hon. member does not agree with it in either country.

Mr. COLDWELL: Sir Archibald Sinclair said this:

My vote on the reduction of this estimate to-night—

It was a defence estimate.

—will, however, depend—and indeed on some of the other estimates—upon the minister's answers to the questions which I have asked him.

Exactly what we said.

It will depend, above all, on his willingness and ability to give clear and direct assurances to this committee that British armaments will never be used, except in accordance with the covenant of the League of Nations, and that the government recognize, as an imperative and urgent duty, the creation of a system of collective security under the auspices of the league, so that British armaments shall be used, not for selfish or imperialistic aims, but to uphold the rule of law against arbitrary force, and thus to maintain peace on the only firm foundation, that of justice, and to avert the catastrophe of war.

The minister stated last night that we in this group had consistently opposed the defence estimates, and asked upon what grounds we opposed them. I point to the two main grounds that I have given, and they will be found embodied in the records of this house. In my opinion no group criticizing any estimates has ever had a clearer vindication of their opposition than can be found in the report of the Davis commission. It is all very well to say that the report found no one guilty of misconduct. That is not what the commission was charged with doing. The form was reported upon; "the form, not the substance, of the contract." Upon the substance we in this house, and through us the people of this dominion, must judge. So our attitude on defence estimates throughout has been vindicated by what we are now discussing.

In closing I say that a matter of this kind at the present time in the Dominion of Canada, or in any other democratic country, is to be deplored, because it tends to undermine faith in our democratic institutions and in those who are charged with the responsibilities of government. Matters of this sort do more to undermine what we loosely term democracy than all the propaganda that can be sent from over the seas. It enables some to point the finger of scorn at parliament, and to say, what we need is a certain type of so-called big business men in this house. I venture to say that those who would institute the rule of big business would also stifle free discussion.

I am persuaded that if we want to continue the institution of parliament, we who are within these walls at the present time must judge a matter of this kind not from any preconceived notions that we may have but according to the material before us. In my opinion the commissioner places the questions clearly before this house, and we have to answer them. Be that as it may, I say that at least the report of the commissioner, the evidence given before him and the airing which has been given to the evidence in this house this week, have certainly undermined the confidence of the people of Canada in the Minister of National Defence and in those who serve immediately under him. I think it probable that until this debate occurred in this house the Prime Minister (Mr. Mackenzie King) was not altogether aware of all that was in the evidence and in this report. I am quite sure that many hon. members were not conversant with it. Those of us who had read some of the evidence—I had not read all of it for there are many volumes—have from hour to hour during the past two days heard evidence and conclusions based upon that evidence of which we had no knowledge before. So I am urging that the motion now before the house be adopted, and that, not a rehash of the evidence given before the Davis commission be undertaken, but that the operations of the Department of National Defence under the present minister and those who serve immediately under him be thoroughly inquired into by the public accounts committee.

Mr. KARL K. HOMUTH (Waterloo South): Reference has been made two or three times to-day to Colonel George A. Drew. I do not rise for the purpose of defending Colonel Drew; he has shown on many occasions that he is quite capable of looking after himself. But I do say that Colonel Drew has an enviable war record; he with many others belonging to our artillery and other defence units has been working for years to perfect the defences of Canada and put them on a businesslike basis. Colonel Drew's only motive in taking up this matter was his interest in the defence of this dominion. The hon. member for Parry Sound (Mr. Slaght) and the hon. member for Témiscouata (Mr. Pouliot) caused considerable laughter this afternoon and evening on the government side. I can easily understand how they appreciate that; it was like balm to their frayed nerves. It may be all right on ordinary occasions of debate to have a laugh. But to my mind this matter is too serious to laugh at, and this government cannot laugh off the seriousness of it. The fact of the

matter is that not one speaker on the government side has yet dealt with this contract in detail or refuted the charges made by hon. members on this side of the house.

Mr. BERTRAND (Laurier): It is for the hon. member to prove the charges.

Mr. HOMUTH: The hon. member for Parry Sound made reference to Mr. Gillespie's evidence. So did the Minister of Agriculture (Mr. Gardiner). What did Mr. Gillespie say? He said that these men had the ability to produce Bren guns. So have fifty other men in Canada, one hundred per cent ability to produce them. Mr. Gillespie did not say they were in a position to do so; he did say they had the ability to do so. The hon. member for Parry Sound challenged us to say whether or not we would say that the factory should be closed. I said yes, and I say it again. The people of Canada will say, "Close the factory." There are many Liberal members in this house who wish this thing had never occurred. When the hon. member for Parry Sound speaks so much of the British empire and our responsibility in helping to produce guns to defend that empire, let me say this: God help the empire if they are going to depend for their defence on some Bren guns delivered in twenty-four or twenty-six months from now.

It is difficult for any hon. member, from his place in this house, to discuss certain phases of government business which, unfortunately, have caused the people of this country to think there is something materially wrong in the Department of National Defence and with those men to whom we entrust such important questions. For many years, ever since confederation in fact, we have had prime ministers with characters above reproach, and in that category I include the present Prime Minister (Mr. Mackenzie King). He knows only too well, however, that there are times when those who support prime ministers are not always as careful as they should be in their governmental actions. In this particular instance I do not believe the Prime Minister was cognizant of what was going on. He was not told the truth; he was kept in the dark. But I do say this about him, that after he had declared the policy of the Liberal party in connection with a matter which was of such prime importance to Canada and the empire, this was one matter to which he should have given exceptional scrutiny before he ever became a party to the signing of a contract such as this.

What precipitated this whole mess, because that is what it is to my mind? It was the Drew article in *Maclean's* magazine. It was admitted in evidence that as a result of the publication of this article, one clause was cleared up within a day or two, which action it is quite generally understood saved this country and this government the sum of $250,000.

Mr. MACKENZIE (Vancouver): Absolute nonsense.

Mr. HOMUTH: My hon. friend says that is nonsense. This whole thing was nonsense, and the worst nonsense of all was that he should be a party to the signing of the contract.

This afternoon the hon. member for Kootenay East (Mr. Stevens) referred to the reports that went throughout this country after the report of Mr. Justice Davis was submitted, and the Prime Minister stated that no report had been given out from his office. The strange part of the whole matter, Mr. Speaker, is that a synopsis of the Davis report was handed to the press fifteen minutes after the Bren gun report was handed to them, and I am told on good authority that this synopsis came from the headquarters of the National Liberal Federation.

Mr. MACKENZIE KING: Oh, what nonsense.

Mr. HOMUTH: I have in my hand a copy of the synopsis of the report which was handed to the press gallery, and it was clearly understood that it came from the National Liberal Federation. If it did not come from there, did it come from the government? If it did not come from the government or the National Liberal Federation headquarters, where did it come from? Who took the trouble to prepare it and hand it to the press, fifteen minutes after they received the report? That is the story which was broadcast throughout Canada to the effect that the Bren gun report was a whitewash, and so on; and the people of the country believed there was nothing to it at all.

Mr. MACKENZIE KING: My hon. friend speaks about a synopsis of the report.

Mr. HOMUTH: I have it right here.

Mr. MACKENZIE KING: I cannot ask him to read it at the moment, but certainly I should like to hear anything published prior to the report being issued, which could be considered as an exact synopsis of the report. There were all kinds of guesses by journalists as to what was in the report, but I would repeat to my hon. friend what I said this afternoon, that the report was delivered to me personally and was in my possession, and

no one outside saw the report. I am sure the judge of the supreme court did not give it out; I know I did not give it out. It was in my possession until sent to be printed. Any reports that appeared in the press were pure conjecture; they could not have been taken from the original.

Mr. HOMUTH: I still maintain that a copy—

Mr. MARTIN: Oh, accept the Prime Minister's statement.

Mr. HOMUTH: I still maintain that a synopsis was handed to the press. Here is a copy of it, and I understood that it came from National Liberal headquarters. If it came from there, what right had they to know anything about the Bren gun report before the people of Canada did?

Mr. MACKENZIE KING: The report covered ninety typewritten pages. How could it possibly be synopsized in fifteen minutes?

Mr. HOMUTH: So there is the story that went out across this country.

When we start to delve into the report, we begin to see just what a terrible mistake the Department of National Defence made. There are in Canada a great many industries capable of making Bren guns. They do work in steel that is much more intricate than the manufacture of a Bren gun. After all, what is there to the Bren gun? The important part is the alloy and the fact that the barrel is interchangeable. Steel companies throughout this dominion do more intricate work, and I venture to say that if they had been given an opportunity to tender on these guns the government would have obtained them for at least half the amount they are going to cost this country under this contract. More than that, these people would not have asked to be paid a large sum of money for getting government patronage, which is really what happened with Major Hahn and his associates.

Mr. MACKENZIE (Vancouver): On a point of order, does the hon. gentleman know that the prices are regulated by the comparative Enfield prices?

Mr. HOMUTH: The minister himself does not know as yet what these guns are going to cost this country, and by the time they get through monkeying around, putting machinery in the Inglis plant and paying for it, paying for everything else in connection with it and taking it out again, we shall not know anything about the cost until the whole deal is through.

Mr. MACKENZIE (Vancouver): My hon. friend does not want any guns; that is obvious.

Mr. HOMUTH: My hon friend does not seem to be very anxious, from the way they are playing around with them.

What I wanted to deal with particularly, Mr. Speaker, was the financial set-up of this whole matter. Everybody agrees, as I think members of the government will agree—they will not say so, but deep in their hearts I think they believe it—that this is a bad contract. It has got them in wrong with the Canadian people. The government are sick and tired of it. They are jittery; they are nervous; one would think they were sitting on a hot griddle, and before this affair is over they will be on a much hotter griddle. But it is important that we point out to the people of Canada just what wizards of finance can do, because the men behind this matter certainly would be wizards if they were able to accomplish what they set out to do. For that very reason, to protect the investing public of this country, to protect the taxpayers, to protect the very thing that is so important, namely the defence of Canada, this contract ought to be cancelled and the whole affair cleared up.

What do we find? I will show that in this set-up we had Mr. Hahn; we had the brokers, and we had the three Plaxton brothers, two of whom, I believe, are lawyers and the other a member of this house. Two of those brothers received an issue of shares in the company. One received 9,814 shares and the other received exactly twice as many. The other one got the patronage. So that we have two Plaxtons for profit and one Plaxton for patronage.

If the investigation had not been held, if the Drew article had not appeared, what would have happened to the investing public of the dominion? Had they purchased these shares, which were to be sold, what would they have paid for them? Some that were sold were sold as high as $7.50 a share. We know what happens on stock markets. We know what can be done with shares on stock markets. What would the investing public of Canada have paid for the shares? We do not know; it is problematical. But certainly they would not have got them very cheaply. And if this was the only contract the company was going to have, then, Mr. Speaker, what were those investors going to have when the contract was over?

It is strange to hear hon. members opposite clapping their hands and cheering when their colleagues discuss this matter, because who

has condemned mergers, combines and watered stock more than hon. members of the Liberal party? Particularly do I say this about hon. members who come from western Canada, who are always pointing to the great industrial organizations of the east and describing them as mergers and combines which are sucking the very lifeblood from Canada. And yet here is one worse than any we have ever seen. Here is one with the water running over, capitalized to the extent of $1,500,000. Mr. Speaker, if this Bren gun contract was the last one the company was going to get, what would the investors have had? The machinery belongs to the government. All the investors would have had to show for their investment would have been the walls of an old, unused, broken-down boiler factory. That is what they would have had for their investment. If the Drew article did nothing else, I believe it did stop the investing public of Canada from being swung into such a scheme as that.

There is this further important point, and it is a very important one: When the contract was completed the government would have all the machinery. Where?—in their plant? No; in a plant owned by somebody else. They would have had to pay the government to move that machinery to their own warehouse or storehouse, and would have had to pay for every bit of repairs which might have been occasioned as a result of moving the machinery. If they tore up a floor to loosen a piece of machinery they would have had to refloor.

How could any member of the government tell the House of Commons or the country what these Bren guns would cost? They do not know. They do not know what it would cost to move the machinery back, if they ever did so. But were they going to move the machinery back, or were the machines going to remain in their place? And much of the $63,000,000 we are going to be asked to vote for defence purposes would go into more contracts for the same company. Therefore they would have a real gold mine in the John Inglis Company.

Furthermore, I cannot see anything in the contract saying that the company could not go ahead and manufacture arms for other countries. There is in it a clause which says they may go ahead and use the machinery and equipment belonging to the government of Canada, but they would have to arrange a rental with the government. How do we know? After all, these men are not fools. In fact, after all the laughing this afternoon and this evening I begin to realize that the only ones who have the right to laugh are the fellows who got the contract with the government.

Mr. Speaker, how do we know but what this very same company would be manufacturing arms and munitions for some country which might be a potential enemy of Canada? We do not know, and to my mind there is nothing in the contract to protect us against that possibility—except that the government have to pass upon it. And if they passed upon that in the same way as they passed upon the contract, then we have no assurance as to what would be done.

I believe it is important that the country should know in detail how a small group of Toronto men, with an Aladdin touch in eighteen months, beginning on October 19, 1936, out of $100,000 cash and an old, unused boiler factory, have created a $1,500,000 corporation, complete with plant, buildings and heavy machinery, a corporation holding two machine gun contracts to a value of five and a third million dollars, from the Canadian and British governments. The contract with the Canadian government was the one investigated by Mr. Justice Davis.

These men paid $100,000 in cash and $150,000 in six per cent bonds for the old John Inglis Company. It had been closed down and was in the hands of the receiver. Actually the group created a new John Inglis Company, with a capital stock of 250,000 shares at $6 per share, or $1,500,000. The payment of the $100,000 cash became a charge on the treasury of the company. Mark that: It became a charge on the treasury of the company. The new company eventually paid the $100,000 out of the funds which the organizing group paid into its treasury in return for treasury stock. The $150,000 of six per cent bonds remained a first mortgage against the assets of the new company, which the group own, lock, stock and barrel.

The puzzle of figures—and it is a complicated puzzle—produced by the inquiry is really due to the involved corporate machinery employed by Major Hahn and his associates in setting up this company. I shall deal with those gymnastics in a little while. In reality, however, the idea behind the matter, stripped of its obscurity, was simply this: Major Hahn and the two Plaxton brothers, Herbert and Gordon, lawyers in Toronto, together with the Toronto brokerage firm of Cameron, Pointon and Merritt, through an intermediary, one Nurse, an employee of the brokerage firm, on October 19, 1936, bought from the official receiver the old John Inglis plant. Nurse and his firm, for Hahn and the Plaxtons, agreed

to pay $100,000, spread over instalments up to February 6, 1938, and $150,000 in six per cent bonds. It might be interjected at this point that later, on the witness stand, Major Hahn testified that an old appraisal made in October, 1929, of the old Inglis plant as a going concern, fixed the then value at $1,327,000, exclusive of land.

A first payment of $500 was made on September 22, 1936. The next payment of $2,500 was made on November 9 of the same year. A third payment of $1,000 was made on May 10, 1937. Thereafter payments ranging up to $3,500 were made at intervals, but up to the time the Bren machine gun contract was signed only $46,500 had been paid. In the meantime the new John Inglis Company had been organized. On March 31, 1938, the day the government signed the Bren gun contract, the company itself made the final payment of $53,500.

These people then made the final payment on this factory which had been represented to the British war office and to a committee here made up of civil servants as an industry equipped to make Bren guns. Of the first $46,500 of cash payments the books of Cameron, Pointon and Merritt—this is all from the evidence—credited Major James E. Hahn with $26,416.86; Gordon Plaxton with $3,616.67; Herbert Plaxton with $3,616.67, and the firm itself with $10,850. An investigation carried on by Mr. Hoult showed that these moneys were likewise applied on the books of the new Inglis company as payment on account of the undertaking of Hahn and his group to purchase 58,333 shares at $6 par value. The final payment of $53,500 on the cash purchase price of the old company's assets was made directly from the treasury of the new John Inglis Company.

Here is another point which is perfectly clear. The total capital of the new Inglis company was 250,000 shares at $6 par value, or $1,500,000. Of this $1,500,000 of capital stock Major Hahn and his group took for themselves 191,662 shares of $6 par value, or a total of $1,149,972. This was stock for which they paid nothing. This stock has been termed vendors' stock. Excluding five qualifying shares which were given to the nominal original directors who came from the office staff, the group left in the treasury 58,333 shares of $6 par value which they agreed to buy at par, paying in instalments. To put it more plainly, this group held seventy per cent of the total capital stock of the company—

Mr. MANION: For nothing.

[Mr. Homuth.]

Mr. HOMUTH: For nothing, and they had agreed to buy the other thirty per cent and to pay the money into the treasury in order to operate the company. This money was to go into the treasury to operate the company; yet the government was buying all the machinery for the plant. These people had all these shares for nothing, and then they were going to buy the others in order to put money into the company with which to operate. Who would not take a contract like that from a government? I wish I could get two or three to-morrow.

May we go on? Up to September 15, 1938, it was shown that the group had paid in $231,198 on the 58,333 shares of $6 treasury stock which had a total value of $349,998, which they were obligated to buy. On that date they owned outright a $1,500,000 corporation, its assets and stock for that amount of money, subject to the payment of a balance of $118,000 on the treasury stock. The initial cash payment of $100,000 had been charged against these treasury funds. In the meantime 3,855 shares of treasury stock had been sold to the public and a few brokers for $27,041. The public paid $7.50 a share for its stock. It is easy to fill in the details when you get the framework.

Though the Hahn-Inglis corporation set-up was engineered with four corporations, one functioned only to take the group's subscription for $349,998 of treasury stock. Another functioned as a temporary holding company for the huge block of $1,149,972 of vendor's shares taken by the group. The third corporation was the machine which created the stock expansion, and the fourth was converted into the John Inglis Company. There is the picture. If ever there was a piece of manipulation for the purpose of watering stock of a company, this gives the picture. This is something to which western members can point with pride. They can point to this as showing how their government gives a large contract. I have given the exact picture of this whole affair.

The stock expansion corporation was the British Canadian Engineering Company which was incorporated on November 23, 1936, with an authorized capital of 200,000 shares at $1 each. Mr. Nurse, an employee of Cameron, Pointon and Merritt, who had bought in the old Inglis property, made an agreement, of date October 22, 1936, with Major J. E. Hahn and his employers to turn over to this British Canadian Engineering Company, when incorporated, the properties of the old Inglis company. One interesting paragraph in this

early agreement of October 22, 1936, made nearly eighteen months before the Bren gun contract was signed, reads:

> John D. Cameron, H. A. W. (Herbert) Plaxton and the persons they represent, together with Major Hahn "are interested to manufacture war machinery, equipment, munitions and supplies or products of all kinds, and to act as agents, intermediaries or otherwise in obtaining, introducing or placing business or orders for war machinery, equipment, munitions and supplies or products of all kinds as may be furnished, dealt in, manufactured or supplied by other persons, firms or corporations whether in the United Kingdom, dominion of Canada, United States of America or elsewhere, and the parties hereto have agreed to incorporate, organize and promote a limited company for the above purpose."

In other words, these people were organized to make munitions, and in this contract there is nothing which says that they cannot use the Canadian government's machinery to make munitions for some foreign power. When one follows this thing through one begins to realize that here was a group of men without a plant and without any particular engineering ability. One had been mixed up with a radio company and the others were lawyers and brokers. These men come to this government, and the government points to them and says to the British war office, "Here are the only men who are capable of making Bren guns in Canada." If ever there was an insult to the heads of industry in this country, that was it. All one has to do is read the contract. Read what the deputy minister of defence said in his evidence. Read what the Minister of National Defence (Mr. Mackenzie) said in his evidence. Read what some hon. members opposite have said in the house. One cannot help but feel that these men considered the heads of industry and the workmen in industry in this dominion absolutely incompetent to do a job like that.

As the hon. member for Kootenay East (Mr. Stevens) said this afternoon, manufacturers come to Ottawa to see all departments of government. They pay their own expenses to come here to bid on contracts in order to get government business. All this government had to do was to say to the steel manufacturers of this country: We want these guns made and we want other arms and munitions made. These men would have come here. The heads of industries in Canada are loyal enough to give of their time, of their experts and of their office staffs and to spend their money to help the Department of National Defence to build up an effective defence force. Yet the Minister of National Defence and the deputy minister of national defence say to our Canadian manufacturers: You are not competent; we cannot trust you with this job; it is too intricate a job for you, and we are going to give it to a man who had a radio company that failed, to a couple of brokers and a couple of lawyers, and the patronage is going to a member from the city of Toronto. That is the story in a nutshell.

Surely, Mr. Speaker, the members of this house cannot help but feel that the contract is not only improvident but unfair to the Department of National Defence, because it is going to be years before we get guns. They are now buying the machinery in spite of the Davis report. The government would not wait. Mr. Justice Davis in his report did not exonerate the government from responsibility for the contract. Corruption, no; he said there was no corruption. That is quite true, but he did not exonerate the government in any other way. What he did say to them was this: Here is your baby; this is your child. In a very subtle way he said: It is a little dirty and messy; it ought to be cleaned up, and it is up to parliament and the government to do the job.

There is only one way to do the job, Mr. Speaker, and that is to cancel the contract. I think the Prime Minister himself should unhesitatingly say: I will agree to cancel the contract and to create a munitions board. Not a purchasing board, Mr. Speaker, because patronage would be just as vicious under a purchasing board. But let the Prime Minister and his government say: We will create a munitions board and give them the right to handle the whole business, so that we can clean this thing up and once more give the people of Canada some confidence in the Department of National Defence.

Mr. ERNEST BERTRAND (Laurier): Mr. Speaker, as I listened to the hon. member who has just preceded me (Mr. Homuth), I was reminded of the well known saying that you must not take yourself too seriously; but in French we go one step further and say: Do not take yourself for somebody else. After hearing the hon. member ask that the Bren gun contract be cancelled, in spite of the vote that the house gave this afternoon, I might say to him: Do not take yourself for anybody else, because you are not yet on this side of the house.

If we were going to add to the cost of the Bren gun contract what this debate is going to cost the country, the promoters would be much richer than they are going to be with the contract as it stands to-day. We can well say, now that we have the report of the Hon. Mr. Justice Davis, that this whole affair is a tempest in a teapot.

We are talking of a contract and of nothing else. It is not important to know who opened the door, whether it was the minister, the deputy minister or the hon member for Trinity (Mr. Plaxton). We have a contract before us and we have to examine it.

But before going into the contract I want to say something which is dear to the province of Quebec. There are very few high officials of this government who enjoy a higher reputation than my friend Major General LaFleche. From the fall of 1914, when he attended his military school to get his lieutenancy, right down until to-day with the high rank he has now attained, his life has been, I think, a true expression of patriotism and of outright devotion to his king and country, and to his position he brings a very well-balanced intelligence and devouring energy. It would take more than the libellous pen of Colonel Drew to break that reputation so far as we are concerned, and we all applaud Judge Davis when he says in his report:

> I think it right to say that there is no evidence (nor is there in the evidence any ground for suspicion) that the minister or the deputy minister or any officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption.

And it is well for the hon. minister to say that corruption has never been charged against anybody. They are going into their second trench of defence. When this article of Colonel Drew's came out, rumours were going around that there was a mighty scandal in this affair, and that Colonel Drew would prove it. We have the idea that this attempt to discredit Major General LaFleche is due to the fact that Colonel Drew and the Tories, and especially the Tories of his species, because there are good Tories, could not reconcile their ideas with the fact that Major General LaFleche is the head of a big spending department and yet of French extraction.

Mr. MANION: Nonsense.

Mr. BERTRAND (Laurier): All right, but this was in the air last year, and we were all prepared for it.

Mr. MANION: That is filthy stuff.

Mr. BERTRAND (Laurier): The rumour was all around that there was going to be an attack upon General LaFleche. The hon. leader of the opposition was not in the house then.

Mr. MANION: I never knew of any such thing.

Mr. BERTRAND (Laurier): I said the hon. gentleman was not in the house. Well, it came out this year; it came out, if you will pardon me, Mr. Speaker, like an abscess, and it is not surprising because Colonel Drew is the man who said in Plainfield, Ontario, in November, 1936:

> It is not unfair to remind the French that they are a defeated race and that their rights are rights only because of the tolerance by the English element who, with all respect to the minority, must be regarded as the dominant race.

We put two and two together; we put this together with the rumour that we heard last year.

Mr. MANION: I think in justice to an absent gentleman, and a man who is just as courageous as General LaFleche, it should be said that Colonel Drew has denied that over and over again, and his denial has been accepted. There is an attempt being made now to make this an attack on the French Canadians. My wife is a French Canadian, and I would be ashamed to have anything to do with an attack on her race. I think it is filthy to attempt any such thing as my hon. friend is doing right now.

Mr. BERTRAND (Laurier): Colonel Drew is not here to deny it. This statement that I have read has been published in every newspaper and I never saw a denial of it.

Mr. MANION: He has denied it many times.

Mr. BERTRAND (Laurier): Well, I think he should deny it once more. All through his article that we were called upon to read before it appeared in the magazine there appeared to be jealousy of the hon. Minister of National Defence (Mr. Mackenzie) and of his deputy minister, who have started doing something for national defence.

Several years ago Colonel Drew wrote that nothing was being done with regard to the defence of Canada, and as soon as something is started he condemns it. I have read the charge before the commission, and I have never found so many silly arguments put together, all of which prove the futility of his accusations. One of his points is that the hon. member for Trinity (Mr. Plaxton) tried to deceive the Prime Minister (Mr. Mackenzie King) because, when he talked about this affair, he wrote "plants," plural, instead of "plant," singular, in his letter, although there are eighty acres of buildings in the old Inglis plant.

There are quite a number of arguments like that in Colonel Drew's charge before the commission, but I shall not take up the time of the house in discussing them. It has been said that a promoter is a man who, having

an idea, meets another man who has money and seeks to deal with him, with the result that the man who has the money is left with the idea and the man who has the idea is left with the money. Colonel Drew, I understand, was superintendent under the Security Frauds Prevention Act, and this definition, in the work he had to do, must have stuck somewhere in his brain, because the main crime of Major Hahn and his group seemed to be that they were promoters. I am quite sure that Colonel Drew illustrates the meaning of the word "promoter" which I have just given to the house.

I wish to put on *Hansard* what the late Sir James MacBrien said about Major Hahn. Of course, to-day some hon. members who are attacking the contract are not aware of what Sir James MacBrien thought of Major Hahn. Let me quote Sir James MacBrien:

> It will be a source of satisfaction to many Canadians who served at the front in the recent war to learn that a book on The Intelligence Service within the Canadian corps has been written by Major J. E. Hahn, D.S.O., M.C. There are few Canadian soldiers so well qualified as he to write a book on this important branch of the military work as it was organized, developed and carried out in the Canadian corps during the course of the great war. His record at the front was a brilliant one. Except for periods when he was incapacitated through wounds, he served continuously with the Canadians in France and Belgium, and he has the honour of being one of the original members of the first Canadian division. A considerable portion of his service was as an intelligence staff officer with various formations, where he learned in the school of practical experience. Therefore, he brings special and valuable knowledge to bear on the subject of which he writes.

I wanted to put this on the record because of the attack that has been made against Major Hahn. The fact that a man was at one time a radio manufacturer, in the bad days while hon. gentlemen on the other side were leading the affairs of the country, with the result that his business went into receivership, is no reason why he should be blamed. I quite understand that these hon. gentlemen, the Cooperative Commonwealth Federation members, who are trying to have the greatest human quality, ambition, disappear from this good earth, are continually branding successful business men as public enemy No. 1, 2 or 3. I can understand that they might yell "shame." They are so narrow-minded that they would not even allow a business man to earn the income tax which they will require him to pay if, as and when they get into power.

Major Hahn got my friend the hon. member for Trinity to introduce him to the Minister of National Defence in order to get the contract. Where is the hon. member who has not solicited government contracts for some of his constituents? Is not a contract like the Bren gun one the best thing that could be secured for a constituency in which there is a labour element, such as Trinity? Let the electors of Trinity answer the question in the near future; but I do not advise Colonel Drew to run in Trinity in the next general election for the federal house, nor do I advise him to approach the district in the provincial field.

The question is not whether the contract should have been given to somebody else; it is whether there is ground for suspicion in the granting of the contract. I quoted the words of Mr. Justice Davis as to suspicion. The only points at issue, all of which have been answered by the commissioner to the complete exoneration of the Minister of National Defence and of everyone concerned, are the following: Is the contract a good one for the government? Is it being carried out according to schedule? And was the government right in not calling for public tenders?

The government had machinery that was idle in Valcartier and the government needed Bren machine guns. It would have cost a tremendous amount of money to build a government-owned plant, which might have been put only to temporary use. Every business man will understand that such a plant owned by the government could not have been used for anything but arms and munitions, and that the plant could not have been used to compete in the production of any ordinary line of steel products as against private producers. In this case the overhead expenses would have been exceedingly high, almost prohibitive. It was necessary to induce a manufacturer whose overhead expenses were partly absorbed by the manufacturing of some other goods to enter into a contract, and Major Hahn was found to be the proper man.

The statement to the public that the John Inglis Company had reorganized solely for the Bren gun contract is a premeditated misrepresentation. The commercial budget for the next five years provides for a business which is almost as high, apart from the Bren gun contract, as was done in the last good years of the John Inglis Company. It was furthermore discovered that the Canadian government and the company would both greatly benefit should a contract be obtained from the imperial government, then in dire need of help for the manufacture of arms and munitions. Major Hahn went to England with the necessary credentials to deal with the war office. He was found trustworthy and able to fulfil a contract for the manufacture of 5,000 machine guns. It is absolutely impossible to

criticize this Canadian contract without at the same time criticizing the imperial contract. It has no bearing on the case, that Major Hahn went to England with the hon. member for Trinity or anyone else, or whether he waited five, ten or fifteen days before presenting his credentials. The net result is that he succeeded in bringing to Canada a good contract, which, coupled with the Canadian contract, will provide in Toronto a new industry and work for the citizens and at the same time lend a helping hand to the harassed war office.

During the inquiry an attempt was made to leave the public under the impression that the Department of National Defence had made a gift of the Valcartier machinery to the company; the hon. member who spoke before me (Mr. Homuth) repeated somewhat the same thing. Nothing is more—I would say more cowardly false. The machinery is lent to the company and, with the new machinery, remains entirely the property of the Canadian government. No hon. member has mentioned that in this discussion. Although one-third of the cost of the new machinery is paid by the war office, it remains the property of the Canadian government when the contract is terminated; and one-third of the cost of tools, et cetera is also paid by the war office, although they remain the property of the Canadian government. The Ross rifle plant furnished about one hundred machines out of four hundred required for the fulfilment of the contract. The Ross rifle machinery is valued at $212,000, while the new machinery is worth $964,000. By the signing of the contract the Canadian government immediately gained one-third of this amount, that is $321,000, plus one-third of the tools, dies, et cetera, worth more than $200,000. The argument that the government pays for everything, and a profit in addition, is childish in the light of these facts, and would not deceive even a village half-wit. What does it matter whether the government pays half the cost of the machinery or all of it? The profit is calculated on the cost, but the rental value of the machinery belonging to the government does not enter into consideration so far as the cost of production is concerned. This is one thing that hon. members who criticize the contract do not dare to say. The cost is calculated on the company's share of the assets only, not on the government's portion. If the plant and machinery were the property of the government, the profit would be calculated only on the cost of raw material, wages, and part of the overhead. It is absolutely unfair to compare this, a cost-plus contract, with a contract that a manufacturer would obtain if he were coming here. On a cost-plus contract the government has to pay all the cost, even the expenses of the man who went over there to learn what the Bren gun was. Now Mr. Sharp of the income tax branch calculated that the maximum profit would be 7·76 per cent, which is less than a reasonable profit in that kind of industry, as every business man will agree. Beyond all this there is a stipulation as to the maximum possible profit, $267,000, which is substantially less than 10 per cent.

Suffice it to say that Judge Davis, who cannot be said to be in the remotest way partial to this government, made three findings that have not been referred to by hon. members on the other side. These are that the contract was not subject to suspicion; that there were adequate powers of inspection, supervision and control; and that no substantial objection could be taken to the provisions of the contract. In view of this it cannot be said that the contract is not a good one for the government, as in fact it was found to be by the commissioner. In a cost-plus contract any good business man would charge depreciation on his machinery, and a fair rental value. Instead of being a gift to the John Inglis Company the use of the government's machinery reduces the cost and therefore reduces the profit. That made the Department of National Defence a partner in the contract. This is one point that I would ask my hon. friends the social crediters to remember, because that the government should own the plant is their ideal. Under this contract we can well say that Major Hahn is simply an employee of the government, working on a job basis. Everything belongs to the government except the machinery that was there which is going to be used.

It is a good contract. In spite of the fact that the inquiry was a serious handicap to its fulfilment, and that Colonel Drew and so many others asked that the work be stopped, work has been proceeding at high speed. Major Hahn got hold of Mr. Gillespie, the best expert of the Enfield plant, who had already planned the production of Bren guns in England, and the work under the contract is right up to schedule. When hon. gentlemen criticize and say they are simply putting the machine on in the plant, they are not absolutely fair. This is one contract, but it may well be divided into two. The simple fact of collecting all this machinery, assembling it and putting it to work is a big undertaking in itself. If it had to be done afresh it would

take at least a year and a half or two years to get this plant together and ready to operate. There was no similar plant in Canada. When one considers the importance to Great Britain of having these Bren guns in the shortest time humanly possible, are we not justified in saying that the meagre pay given to Colonel Drew for his magazine article seems like treason money? It is not surprising that Colonel Drew's name is so well known in fascist circles in Canada. I suppose this is another statement that Colonel Drew will deny; but pamphlets were circulated in my province, and I have one here, in which Colonel Drew is named as one of the adepts of the fascist movement in Canada. This booklet is entitled, "Fascism over Canada," an exposé by Fred Rose, and on page 45 I read this:

> But Arcand and the forces of reaction have many other supporters in high places. Colonel George A. Drew is one of the people who is working for an alliance with Hepburn in Ontario and for a national government in Canada that would pave the way for fascism. The colonel travels from place to place, and under the guise of defending democracy, slanders most viciously all true democrats. Mr. Drew is honorary president of the Canadian Unity League, an organization financed by International Nickel for the purpose of combating trade union organizations. Such anti-labour organizations, using different names, exist throughout the country and are closely linked with the fascist movement.

Mr. WOODSWORTH: May I ask the hon. gentleman if that is by Fred Rose, the communist writer?

Mr. MANION: Hear, hear. No doubt it is.

Mr. BERTRAND (Laurier): I do not know Fred Rose, the communist writer. I know Fred Rose who wrote this book; I do not think he is a communist. If he is, I am surprised at the hon. member asking me; he should tell me whether he is a communist or not.

Mr. BLACKMORE: The hon. member will be padlocked.

Mr. BERTRAND (Laurier): I am not afraid.

Was the government justified in not calling for tenders? To have an idea of what delay means in this matter I might say that twenty-one Bren guns were ordered by the national defence department from England at the beginning of March, 1937, and they were delivered in January of this year, although pressure was applied to expedite the order. One must keep in mind that this government had to deal with the war office and could not open the secret specifications and manufacturing processes to any firms that were not first accepted by the war office.

On February 4, 1938, Sir Harold Brown cabled Colonel LaFleche as follows:

> Must emphasize that any further delay may adversely affect the proposal. In this connection firm having done necessary technical investigation obviously has the advantage.

That firm was Major Hahn's. Then Colonel Loggie cabled General Caldwell as follows:

> Re visit war office affecting gun I am of firm opinion that immediate action is essential and that any delay will jeopardize whole transaction.

These gentlemen who were representing the war office were in a hurry, much more so than was Colonel Drew, who wanted to close the plant here. The war office made it absolutely clear, in February, 1938, in a cable sent by Sir Harold Brown to the deputy minister of national defence:

> —as regards alternative tenders several months would necessarily be required for another firm to study job before making reasonable tender. This delay would be fatal to British interests in scheme.

These three cables have not been mentioned very often by those who criticize the contract; yet they are the three things that explain why bids could not be invited from the general public. There had been an extended correspondence for the purpose of obtaining the consent of the British government to the calling of tenders. Before Hahn could get the specifications it was necessary to make him an official representative of the Canadian government; otherwise the war office would not give them. The manufacturing processes, called working specifications in England, were only furnished to Major Hahn upon execution of the contract. They were never even nominally in the possession of the defence department until that time. I do not remember who it was that made it almost a crime for this government to nominate Major Hahn as Canadian representative in London in order to deal with the British war office. Major Hahn, with his remarkable war record, was the man designated, and he fully deserves the confidence that the Canadian government has reposed in him. As I said before, he was also found trustworthy by the imperial government which, as I understand it, was not born yesterday. When they trust somebody, and award a contract of such value, they take some care and make some investigations somewhere. It is not for us to know where they made those investigations, but we are certainly justified in giving our confidence to Major Hahn. Then Sir Harold Brown cabled General LaFleche on February 9, 1938:

> Draft of Bren gun contract with John Inglis Company now agreed in detail by war office.

They were waiting for the Canadian government to conclude its contract, and the Canadian government was assured that the imperial contract with the war office would be signed if the Canadian contract was signed. This is clear evidence that the imperial government would not allow competitive bids, and if it would not do so the national defence department could not allow them either.

I am one of those who believe we still have a good deal to learn from British methods of doing things, and I would not dare to criticize those methods in a field in which we are still in our infancy. The Tories, to whom nothing is good unless it comes straight from the British isles, are apt to forget this at times. After all, we remember the purchasing of horses and potatoes without tenders. Not only were there no tenders called; the merchants were told to sell their merchandise through middlemen. There are no secret specifications in the breeding of horses or the growing of potatoes. Therefore I say that the question of the secrecy of the specifications, the necessity of moving quickly and avoiding delays and the sine qua non condition of the imperial government left the national defence department no other alternative, and on this point, as on so many others, the commissioner has completely upheld the government.

Now, Mr. Speaker, I do not contend that there were no other manufacturers who could have satisfied the government as to their capacity to fulfil such a contract; but there is no proof whatever that anyone else did inquire about the matter or attempt to get the contract, and I for one am absolutely satisfied with the manner in which our government exercised its discretion. If to avoid a possible charge of political patronage this present government has to sign its contracts with social crediters, C.C.F.-ers and/or Conservatives, it is going to be too bad for more than half our Canadian citizens. When it was announced over a year ago that Great Britain would have aeroplanes and munitions manufactured in Canada, I read very little criticism and a great deal of praise. If this government had not taken the appropriate steps, instead of having them manufactured in Canada we would have had to buy the Bren machine guns somewhere else, and I do not know where, because England had its hands full with it own munitions program. Canada would have lost the English contract, which, after all, is going to be a factor in the labour world. In the opinion of many business men Colonel Drew's unfounded criticism and its repercussions might have resulted in many other contracts for arms and munitions being lost to Canadian manufacturers. So I say it is impossible to criticize this Canadian contract without explicitly criticizing the imperial contract as well.

I take this opportunity of congratulating the Minister of National Defence upon his courageous stand in these difficult circumstances. National defence has been terribly neglected since the great war. No one ever thought there would rise up aggressive nations which would challenge the combined forces of democracy; but when nations such as Germany, Italy and Japan are asking for territory and threatening to invade French colonies and even part of France itself; when they call for a new distribution of wealth, meaning territories, it is time for us who have such a large territory with such a small population to realize more than ever that eternal vigilance is the price of liberty.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, I had no intention of taking part in the debate because I felt that during this session the question of the Bren gun contract would be dealt with again. But it is a matter of regret, I think, to every member of this house that more than twenty years after the end of the greatest conflict ever known, once again in this year 1939 we are faced with the spectre of that most diabolical organization known as the munitions manufacturers. After the experience not only of our country but of every other country in the world with the private manufacturer of arms and munitions, I thought there would be no more. During and before the war we had the experience of munitions manufacturers bleeding the nations white, cheating and chiselling on the taxpayers of this and every other country; an organization which knows no national boundaries but which has scuttled more peace conferences than any other body of men in existence. It was responsible for the failure of the League of Nations. More than that, it has played nation against nation.

The hon. member who preceded me (Mr. Bertrand, Laurier) mentioned the group to which I belong, and drew the inference that we believed in the ownership of factories and the means of production. There is a great deal of merit in the ownership of the means of production, although hon. members in this group have never emphasized it. But if there is any industry in Canada which should be controlled and owned by the government, certainly it is the armament industry.

This was not a business deal; it was a gift to the John Inglis Company, so that at least their future prosperity would be assured.

I only wish that even half the terms or considerations so generously offered to the John Inglis Company could have been given to those people who during the past ten years have received very little consideration in the House of Commons. I refer to the youth of Canada. It is astounding to sit here day after day and listen to hon. members supporting the government defending a contract of this kind.

I have not gone through the whole of the report with great care, but from reading it once through one sees even on the surface some very objectionable features in the contract. The commissioner was instructed to report speedily to the governor in council and, having heard the evidence, to express any opinions he may have formed. But an endeavour was made to persuade him to express no opinion. Why?

The commissioner has placed before hon. members a document which gives the house an opportunity to judge for itself. As one hon. member put it to-day, we are the judge and jury. Another rather startling piece of evidence was the fact that a washing machine manufacturer was the Canadian representative to the British war office. I venture to predict that if this investigation continues much farther the sale of washing machines will rise sharply, because there will be a demand for them to wash out the dirty linen which will be the result.

May I place on *Hansard* some extracts which indicate the feelings of the people of Canada concerning contracts of this kind. Canadians are heartily sick and tired of paying through the nose for armaments. In passing I should not overlook the point that no tenders were called for. No other industry in this country had an opportunity to tender for the manufacture of these guns. As yet we have not had an explanation as to why that was done. It is not even the practice in government business to give a contract without at least calling for tenders from others who may wish to participate.

Another point on which I should like further information is whether or not the John Inglis Company sublet any contracts to others. I ask that because I know that on many occasions in connection with cost-plus jobs the "plus" is greater than the stated amount in the contract, and is a factor which the government or any investigating body may have difficulty in uncovering. Arrangements can easily be made whereby a sub-contractor supplying materials for the finished product could, unknown to the government, charge more. This has been more or less common practice in connection with cost-plus jobs.

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In the *Financial Post* of January 22, we read the following:

Bren Inquiry Amply Vindicated.

The report of Hon. H. H. Davis on the Bren contract provides sensational corroboration for every charge made by Colonel George A. Drew in the *Maclean's* magazine article that precipitated the inquiry. It goes further and brings out evidence of incompetence on the part of the Department of National Defence.

Justice Davis finds no evidence of "corruption" but no corruption was charged in *Maclean's* magazine article or anywhere else, so far as the *Financial Post* knows. The commissioner finds it "inexpedient" to comment upon the actions of Minister of Defence (Ian Mackenzie); of General LaFleche, his deputy; of Hugh Plaxton, Toronto M.P., who figured so prominently in the contract negotiations or of Major Hahn, who got the contract in such a mysterious way.

But while the commissioner accepts the legal position raised by counsel representing the Inglis and Plaxton companies as to the limitations of the report he could make and as to his being prevented from making a finding which criticized anyone, he isolates and publishes the evidence that will enable any citizen or member of parliament to judge for himself whether Mr. Mackenzie and his deputy were or were not derelict in the awarding, without tender, and without careful selection of the contractor of this, the first important munitions contract in Canada since the rearmament program began.

The importance of this investigation does not lie so much in this one isolated contract. With events as they are to-day in the world there is every indication that we as part of the British empire shall from year to year, unless conditions in Europe change for the better, increase our appropriations for armaments. I believe Colonel Drew has performed a public service in having brought about the investigation. Without it the evidence now before the house would not be public property, and there might be a repetition of the condition which existed in Canada during war years. It was only after the expenditure of huge sums of money by the government that it became publicly known that exorbitant prices had been charged for war materials.

This is what the Winnipeg *Tribune* has to say, under the heading, "Ian Mackenzie Should Resign"—

Mr. SPEAKER: The hon. member should not quote newspaper articles making personal allusions to a member.

Mr. POOLE: I shall submit to your ruling, Mr. Speaker, but I have listened to many newspaper extracts being read in this house during the past few days.

Mr. SPEAKER: The hon. member is out of order and it is my duty to inform him.

Mr. POOLE: I would draw your attention, sir, to the fact that the hon. member who preceded me quoted from a communist newspaper.

Mr. SPEAKER: Had I been in the chair I would have stopped him.

Mr. POOLE: We shall forget about newspaper comments for the moment, but there will be more of them in the future. The important matter before parliament at the present time is to remember the conditions which were brought about in the armament industry during the war and to see that they are not repeated. I think the best way to go about that and to see that the public shall not be victimized is for the government to cancel this contract and assume whatever loss may be incurred. I believe that would be cheaper in the long run. We should give serious consideration to utilizing the plant and equipment there is at present in Canada. Much of this is wholly or partly idle. There are many men in this country who have a certain training which would be useful to the production of Bren or other guns. We have the Canadian National railway shops and thousands of idle men. Surely these buildings and this labour could be utilized. We could provide our own equipment. If that were done, there would be no necessity for investigations of this kind.

It is well known that the armament industry in general has contributed nothing toward peace, but has fomented war and internal strife wherever possible. The time to stamp out that sort of thing is now, not ten years hence. You cannot help people by expressing platitudes and regrets. Let each and every party in this house remember what occurred in the past and provide for the protection of the public in the future. The time to do it is now. It is an iniquitous practice, in my opinion, to let contracts privately for the manufacture of armaments. We are laying the foundations for the growth of the most insidious organization the world has ever known.

For further information in this regard I would refer the hon. members to the report of a committee which sat in the United States to study the munitions industry and report on the activities and sales of munitions companies. This report contains quite recent evidence and tells of the activities of these people at Geneva. It describes how they supplied both China and Japan with arms and furnished both sides in Spain with armaments. They are said to have fomented strife in the South American republics. There is no reason to believe that an armament industry which might be created in this country will be any different from any other armament industry. As a matter of fact, the industry has within itself the seed of all these things. It can afford to pay thousands of dollars to lobbyists in order to persuade influential members of parliament and those in responsible positions in government to pass certain laws to give it liberty to extract its dreadful toll over a long period of years.

I said when I rose in my place that I was not going into the details of this contract. My only reason for rising was to sound a warning. While I did attempt to quote some newspaper articles, I must say that I am not impressed with all of them. I know that political advantage is taken of a matter of this kind. It is in the interests of the Liberal party to remedy the condition that exists. I feel that there are many members who sit on the government benches who believe that we should be most careful in handling the production of armaments and munitions. The time has arrived when these matters should be under the control of the government. It is in the public interest that this work should be done in our own factories. Only in that way can we be assured that there will be no recurrence of the iniquitous practices of the past.

On motion of Mr. Turgeon the debate was adjourned.

CITY OF OTTAWA AGREEMENT

AUTHORIZATION OF PAYMENT OF $100,000 FOR THE YEAR ENDING JULY 1, 1939

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

That it is expedient to introduce a measure to authorize the Minister of Public Works on behalf of his majesty to enter into an agreement to pay to the corporation of the city of Ottawa the sum of $100,000 for the year ending July 1, 1939.

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

Motion agreed to.

NATIONAL DEFENCE

CREATION OF DEFENCE PURCHASING BOARD TO ENTER INTO CONTRACTS FOR MUNITIONS, EQUIPMENT, MATERIALS AND SUPPLIES

Hon. IAN MACKENZIE (Minister of National Defence) moved that the house go

into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to establish a defence purchasing board with exclusive power, subject to approval of the governor in council, to enter into all contracts for the purchase of munitions, equipment, materials and supplies required by the Department of National Defence in cases where the expenditure exceeds $5,000; to provide safeguards to assure that such munitions, equipment, materials and supplies shall be purchased at a reasonable cost to the government and without unreasonable profit to any manufacturer or supplier thereof; to provide that salaries, wages and other expenses of the board shall be payable out of moneys appropriated by parliament.

To authorize the governor in council to borrow such sums of money as may be required to pay expenditures of the Department of National Defence which are chargeable to capital account in the appropriations provided by parliament for the said department; and to provide a sinking fund sufficient to retire in ten years the said sums borrowed for capital expenditures of the said department, together with interest thereon at three per cent per annum.

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

Motion agreed to.

PENITENTIARIES

ESTABLISHMENT OF COMMISSION WITH POWERS OF ADMINISTRATION AND CONTROL

Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to establish a commission with power under the Minister of Justice to administer, control and manage the penitentiaries; to provide for salaries of the commissioners and assistant commissioners; and, generally, to repeal and reenact with consequential amendments the Penitentiary Act.

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

Motion agreed to.

TECHNICAL EDUCATION

AMENDMENT OF ACT TO EXTEND AVAILABILITY OF BALANCE OF APPROPRIATION FOR THE NEXT FIVE FISCAL YEARS

Right Hon. W. L. MACKENZIE KING (for Mr. Rogers) moved that the house go into committee to-morrow to consider the following resolution:

That it is expedient to introduce a measure to amend the Technical Education Act to make available, for the purposes of the act, any portion of the unexpended appropriation during the period of five years succeeding the fiscal year ending March 31, 1939.

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

Motion agreed to.

ADJOURNMENT—BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the government would have liked to move the house into committee of supply to-night, not with a view to taking supply this evening but solely in order that some supply may be taken up in the latter part of the week should we be through with the Bren gun debate before Thursday or Friday. I understand that hon. gentlemen opposite do not wish the government to take any supply at this stage, and if that is the case I would move the adjournment of the house.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, the attitude that has been taken both by this group and by the party to my left has been taken because private members' resolutions—nobody is to blame for this—have been practically pushed off the order paper. There were no private members' resolutions taken on Monday; the situation will be the same to-morrow, and private members felt that they had some rights to demand for their resolutions on the order paper. The taking of supply was not particularly objectionable so far as we are concerned except from the standpoint of private members, and I just wanted to make that clear.

Mr. MACKENZIE KING: May I say to the hon. leader of the opposition that as far as private members are concerned, Wednesday is their day, and their right to debate private members' motions on Wednesday will not be affected at all by our going into supply to-night. Monday also is private members' day, and that would not be affected by our taking supply to-night. But on Friday, which is not private members' day at all but a government day, we might wish to take supply, say in the evening, and we would be precluded from doing so without unanimous consent if we had not previously called an item in one

or more departments on Monday or Tuesday. It is a technical rule the house has imposed, but perhaps when the time comes the house will be willing to give us unanimous consent to take supply on Friday should we be short of other measures to take up on that day.

Mr. MANION: Can the right hon. gentleman tell me in what order these government resolutions will be taken up to-morrow if we get through with the discussion on the Bren gun?

Mr. MACKENZIE KING: The government resolutions will not be touched at all. It will be private members' day, and their resolutions will be taken in the order in which they appear on the order paper. I have just been anticipating the business for Thursday and Friday.

Motion agreed to, and the house adjourned at 10.45 p.m.

Wednesday, February 8, 1939

The house met at three o'clock.

BREN MACHINE GUN CONTRACT

CONTINUATION OF DEBATE ON MOTION FOR REFERENCE TO PUBLIC ACCOUNTS COMMITTEE

The house resumed from Tuesday, February 7, consideration of the motion of Mr. MacNeil:

That the agreement between the government and the John Inglis Company, of Toronto, for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement, and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts; and the amendment thereto of Mr. Stevens.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, in speaking on this matter I am going to try to represent the opinions of my own section of the country and at the same time be true to the oath of office which I took before occupying my seat in this house.

There is no doubt that when the article in question appeared in *Maclean's* magazine last September, the article with which the whole country is now familiar, the minds of the Canadian people were troubled. A good many of them did not see that article when it was first published, but I believe later on the publishers of *Maclean's* magazine found it possible to spread the article into every section of the country. To anyone who took the trouble to read it, however, it was plain that it contained no concise accusations but only insinuations against people in the public life of this country. more particularly in regard to the Department of National Defence. Something had to be done; the newspapers were asking for action on the part of the government. Then, a very few days following the publication of the article, the newspapers of Canada were unanimous in praising the Prime Minister (Mr. Mackenzie King) for appointing a royal commission. That step was taken at once, and by that action the Prime Minister and the government showed themselves ready and willing to get to the bottom of all these insinuations or so-called accusations.

On Friday of last week the Prime Minister again showed his honesty and sincerity of purpose in connection with all matters having to do with the administration of this country and the government departments when he stated in the house that he did not wish in any way to curtail discussion on any important problem. He also made it clear, however, that the best body to deal impartially with a question such as this was a committee appointed by the House of Commons, which naturally would be the public accounts committee. No one could take objection to or umbrage at such a statement or the taking of such action. Public opinion as expressed by the press of the country was unanimous in commending the action of the Prime Minister on this occasion.

But it is easy to build up partisan capital. The Prime Minister last fall in appointing a royal commissioner was careful to select a man who—not mentioning his political affiliations—was highly respected in his own profession and had made a name for himself as a lawyer in Canada. However, I was dumbfounded when from every section of the opposition I heard the action of the Prime Minister challenged, and heard the references that were made to his statement not that the commissioner was the supporter of any particular party but simply that he had been appointed by the late administration. I could easily visualize what bitter criticism there would have been had a man been selected who before his appointment had had Liberal inclinations. I repeat that the people have been absolutely satisfied, in their own minds, that the Prime Minister of Canada and the government as a whole wanted to have justice meted out, and to go thoroughly into the accusations that were made.

Frankly in a discussion of this kind I do not like the atmosphere of the House of Commons. Allegations of scandal have been made in a good many instances. I do not believe the country wants to hear discussions of that nature carried on by the opposition for days and weeks.

Before I proceed farther I want to ask a question of the hon. member for Vancouver North (Mr. MacNeil). Last week it was published in every section of the press of Canada that he had been threatened by a prominent man of the Liberal party. I would like the hon. member to give us the name of that prominent man.

Mr. MACKENZIE KING: A prominent official of the house.

Miss MACPHAIL: Well, I guess you have the right party, anyway.

Mr. BRADETTE: I did not ask a question of the hon. member for Grey-Bruce; I asked it of the hon. member for Vancouver North. It was said that he had been threatened. This is absolutely unfair—unfair to his reputation, unfair to the government, and unfair to parliament as a whole. The leader of the opposition (Mr. Manion) smiles. Yesterday the hon. member for Parry Sound (Mr. Slaght) gave us some of the philosophy of life of the hon. leader of the opposition, so far as the conduct, behaviour and policy of an opposition are concerned. I believe it will be good reading for the young members of his own party, to show the attitude he takes, but they cannot agree to such a philosophy.

I was five years in opposition, Mr. Speaker, and I believe I could say that—

Mr. LENNARD: You may be there again.

Mr. BRADETTE: I want the hon. member to speak louder.

Mr. LENNARD: You will be there again.

Mr. BRADETTE: Well, I do not think the hon. member is a very good prophet. I never opposed a government of the day just for the sake of opposing it.

Mr. SPENCE: The hon. member is a perfect saint.

Mr. BRADETTE: I want the hon. member to get up and repeat what he said just now, so that he may show his face to the house. We can easily see their line of conduct. Last week there was a Conservative caucus, and I believe hon. members opposite, in their action in opposition, are following the principle of their leader. This is the press report which was published in the newspaper *Le Droit* of February 2, 1939. The heading is as follows:—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. PELLETIER: One of the members of this group tried last night to read a quotation from a newspaper, but he was not permitted to do so. The same ruling should apply to all hon. members.

Mr. BRADETTE: I am satisfied to state simply the contents of the article. It says that the Conservative party is very happy about the present depression in Canada.

Some hon. MEMBERS: No, no.

Mr. BRADETTE: There it is in black and white. And so the party follows implicitly the policy of its leader.

Mr. MANION: Did they have a representative at our caucus, do you suppose?

Mr. BRADETTE: Apparently it was given to the press by one of their own members, by the sanction of the caucus.

An hon. MEMBER: Promises put you in power.

Mr. BRADETTE: We can easily see right through all the policies of the Conservative party for the last ten years. We all remember the famous campaign they tried to run on the customs scandal. We remember in the following year the *Margaret* and the present Minister of Justice (Mr. Lapointe), again a question of scandal. We remember what one of the members of the Conservative party said in North Bay, when he accused the whole of the public servants of this country.

An hon MEMBER: Beauharnois.

Mr. BRADETTE: You remember the Beauharnois scandal—I am speaking about that now and how they throttled that. What they did made it a good deal worse than what it was previously. Everyone knows that. And during the last two years in the House of Commons we had the spectacle of the then leader of the Conservative party and his supporters—trying to bring about a solution of the problems of this country?—no, no; trying to bring about scandals and to cast slurs upon the parliamentary system of Canada.

Again we had the sorry spectacle, in five successive weeks, of the then leader of the opposition, in the kindness of his heart, and in the light of the great friendship he professed for the Minister of Labour (Mr. Rogers), trying to place that public servant in the infamy of scandal. He tried for four or five weeks, talking about a yard of gravel, penny ante stuff, bitter, unfounded denunciation, while all the time we were trying to solve the problems of this country.

Mr. MANION: I would like the hon. member to make it clear that he is not referring to me.

Mr. BRADETTE: I do so. I am not referring to the present leader of the opposition, but I will refer to him now. Ever since he was made leader of his party we have heard of scandals. They have been capitalizing on the depression, the same as the Cooperative Commonwealth Federation has been doing, for the last ten years. I repeat that—capitalizing on the misery of the Canadian people, on every occasion and under every circumstance that they could. At least one thing is in the favour of the group in the corner; certainly they never have had the responsibility of government. That would have sobered them up. But members of the Conservative party did have the responsibility of government, and when they had that responsibility they asked for cooperation from us, and they got it.

Some hon. MEMBERS: Oh, oh.

Mr. BRADETTE: They laugh; but he laughs best who laughs last. Their hon. leader is laughing now. I well remember the spring of 1935 when their then leader brought forth the new magna charta of his own party. He came to the house with a program of a new social order, one which was absolutely in sympathy with our own policies. The government of that day—even the present leader of the opposition, then sitting on this side of the house as minister of railways and canals—accused us of not opposing enough the government of the day. Was that not cooperation with a vengeance?

Mr. MANION: It is imagination with a vengeance.

Mr. BRADETTE: No. I was there, and I am not imagining things, I can assure you.

An hon. MEMBER: Was the hon. member—

Mr. BRADETTE: I would ask the Social Credit party to mind their own little boat. The late lamented Sir George Perley, who was taking the place of the prime minister, who had taken ill about Easter time, accused us bitterly of not opposing the government enough. If that was not the best kind of cooperation a government could expect, then I do not know what they expected; and they received the same treatment during the five years that they were in power.

The leader of the opposition gave us his opinion as to the best speech delivered in the present session on the address in reply to the speech from the throne. To some extent I have no quarrel with him. He said that in his opinion the best speech had been delivered by the hon. member for Vancouver North (Mr. MacNeil). I cannot agree with him on that score. In my opinion the best speech from the opposition side was that delivered by the hon. member for Yukon (Mrs. Black). She did not attempt to raise the dust of scandal; she did not try to embarrass the government in its efforts to solve the problems that are facing the country at the present time, although she criticized some of the government's actions. She spoke as a true representative in this parliament of her constituents and the people of Canada. She told the house that some responsibility rested upon the government. That is quite true, but it rests also on all individual members. She also told us she felt that in some instances it was our responsibility that young people of Canada should be told that they had a duty toward themselves as well as toward our institutions as we know them.

The leader of the opposition gave us a sort of lecture which was made up of nothing but insinuations. He made no direct accusation. He made it plain that he was absolutely certain that there was no corruption as far as the Bren gun contract was concerned. I ask and the people of northern Ontario ask why the time of the house is taken up in this way when we should be trying to solve the problem of unemployment, the problem of agriculture, and the other problems that face this dominion. This action is being taken simply as political strategy on the part of the opposition. I make this declaration and accusation deliberately. The leader of the opposition spoke his mind very openly. He said, speaking of the commissioner, that Davis "did it in a sort of subtle manner." That is a fine phrase to come from the mouth of the leader of the opposition in connection with a matter of this kind. That is a fine thing to say about a man who is recognized as having given his best for successive weeks, and as being absolutely fair to everyone concerned. The present leader of the Conservative party, a party which once was great, has this to say about Mr. Justice Davis. Later on he called this a game. Certainly, it is a game which he has been playing since last Monday. It is a game of political strategy. He said he wanted to go ahead with his story. It was a biased story he told, but not a wonderful story for the people of Canada to read and agree with. If it were possible for all the citizens of Canada to be here during this debate, I am sure they would realize that we are not fulfilling our duties as we should, and that this discussion is absolutely futile.

Mr. MANION: Just now particularly. Why does the hon. member not deal with the charge?

Mr. LAPOINTE (Quebec East): There is no charge.

Mr. MANION: The charge of blundering and bungling.

Mr. BRADETTE: Who brought up this discussion before the House of Commons?

An hon. MEMBER: The government.

Mr. BRADETTE: Who is responsible for the debate of the last three days?

Mr. MANION: We are.

Mr. BRADETTE: I am glad to hear that. I know I am expressing the sentiments of ninety per cent of the Canadian people who deplore such foolish actions on the part of the opposition.

Mr. BARBER: Why does the hon. member not answer the argument?

Mr. LAPOINTE (Quebec East): There is no argument.

Mr. BRADETTE: There has never been one. We have heard many speeches from the opposition since the beginning of this debate, but the only one which was at all practical was that delivered yesterday by the hon. member for Kootenay East (Mr. Stevens), who scrutinized certain factors in the contract. We find a very strange situation in this debate. The Conservative party, which is in favour of national defence, finds it necessary as a matter of political expediency to work hand in glove with the Cooperative Commonwealth Federation and the Social Credit party. I saw hon. members opposite going into a huddle yesterday, but I have not found out what it is all about. The Cooperative Commonwealth Federation apparently is playing into the hands of the opposition. This may be political expediency because we must admit that the Cooperative Commonwealth Federation is one of the most militant parties in the House of Commons at the present time. But they are against national defence, although at the time of the Ethiopian war they were willing to impose sanctions against Italy. That would have amounted to a declaration of war against Italy. This is the same party which during the crisis last year over the Japanese situation sent a telegram to Mr. Attlee, leader of the Labour party in the House of Commons of Great Britain. This telegram read:

> Large numbers of Canadians deeply shocked by recent developments in Britain government's foreign policy which entirely disregard interest of dominions and betray democracy. We look confidently to labour party to champion genuine collective security and constructive peace policy.

This great pacifist party were willing to impose sanctions against Japan; they were willing to prevent the exportation of war materials. They knew that this would have simply meant a declaration of war on Japan.

Mr. DOUGLAS (Weyburn): Nonsense.

Mr. BRADETTE: Who said "nonsense?"

Mr. DOUGLAS (Weyburn): I did.

Mr. BRADETTE: Then the hon. member is not responsible for what he says. The hon. member should know that. These hon. members who do not want this country to have any national defence are willing to work with the opposition during this debate. But they are ready to vote against their own resolution which shows their sincerity.

An hon. MEMBER: That is not true.

Mr. BRADETTE: It is absolutely true. You cannot explain that away no matter how hard you try.

Mr. MacNEIL: On a point of order; the hon. gentleman's statement is inaccurate.

Some hon. MEMBERS: Order.

Mr. MacNEIL: I ask the hon. member to withdraw his statement. We voted in connection with a ruling of the chair.

Mr. BRADETTE: I have nothing to withdraw. I have been in this house long enough to know something of the rules. I know that when hon. members vote for an amendment to a resolution they have moved, they are voting against their own motion.

Mr. MacINNIS: We did not vote for the amendment.

Mr. LAPOINTE (Quebec East): Why did the hon. member for Winnipeg North Centre (Mr. Woodsworth) go out?

Mr. BRADETTE: Apparently the Conservative party expects to win the next election because of a scandal. I am no prophet, but I am sure they will be out of luck, because the Canadian people want more than the talk of scandal. We have heard the statement made time and time again by the opposition that there was no corruption or anything with which to reproach anyone in connection with this matter. I believe the Canadian people are fully seized of the situation and satisfied on that score. Let me say that if I thought for one moment—I am accepting full responsibility for my words in this instance—that the Minister of National Defence (Mr. Mackenzie) or the deputy minister of that important department had been guilty of any breach of faith, I would be the first one in this house to ask for the resignation of the minister. I am sure that many other hon.

members on this side would be of the same mind. I remember the words of the Prime Minister (Mr. Mackenzie King) who said that the party might go down to defeat, but we could never allow high ideals and principles to be cast away. That is also the stand of the Liberal party in this connection.

I have great respect for the hon. member for Yale (Mr. Stirling). I have always listened to his remarks with attention and, I believe, with some benefit to myself. But when he spoke the other night he had this to say:

> That is the gist of the report of the commissioner. And the Prime Minister's wish is that this matter should be referred to the public accounts committee. Rarely if ever in my fourteen years in this house has the public accounts committee met—

It certainly has met on several occasions. The hon. member continues:

> —but from a reading of Canadian political history in years before that I find that the public accounts committee has been the ground for the fiercest sort of political battle. The government of the day would have the majority representation on that committee—

Mr. STEWART: Hear, hear.

Mr. BRADETTE: I hear the hon. member for Leeds (Mr. Stewart) say "hear, hear."

Mr. STEWART: I have been there.

Mr. BRADETTE: So have I. I must have been fooled because for five years when my Conservative friends were in power I sat on some committees. I was interested in the work of those committees and I never thought for one moment that those committees were being used for political purposes purely and simply.

Mr. STEWART: Who said they were?

Mr. BRADETTE: I was a member last year of several committees. For instance, there was the superannuation committee which sat for weeks on end. On that committee there were Conservative members and members of other parties in this house, but I do not think there is a single member who will say that we played politics on that committee.

An hon. MEMBER: Sure.

Mr. BRADETTE: Who is the hon. member who says "sure"? I want him to rise in his place and show himself. But he will not do it. There were no politics played on that committee, and if we can have no faith in the committees of this House of Commons we might just as well abandon the Canadian parliamentary system.

Again, how logical are the Conservative members with themselves? They do not want this question to go to the public accounts committee.

Some hon. MEMBERS: No.

Mr. BRADETTE: They want it discussed on the floor of this house, where it is absolutely impossible for us to get all the data and information we should like to have. They know that perfectly well. Suppose a vote is taken in the house; we know the wonderful work that has been done by the Minister of National Defence and by his deputy, the great work that the minister has accomplished in the last three years since he took over the Department of National Defence in the moribund, sadly neglected state in which it was left by the former Conservative government after they had been five years in office, although what they did may have been right from the point of view of economy; after all that the minister has done for the department, with its numerous ramifications in every section of this great country, surely he is entitled to a word of praise, and would hon. gentlemen opposite expect us to vote against the minister and against the government? I say most emphatically no.

I say to hon. gentlemen opposite that if they will only be fair to themselves and with the institution of parliament, not one of them would have the audacity to say that a committee of this house is purely and simply a political battleground. If it is, Mr. Speaker, then so far as I am concerned I want my name to be erased from any committee of this house of which I am a member.

I was astounded at the hon. member for Yale, who did show some statesmanship as a minister of the government, making a charge of that kind, which was simply saying to the people of Canada that our parliamentary system is not worthy of being continued in existence any longer. I have sat with Conservative members on different committees, and they were fair and unbiased in their consideration of matters coming before such committees. I have also sat with members of the Cooperative Commonwealth Federation in the committees of this house, and they too were fair and unbiased. The same will hold true again when this matter is referred to the public accounts committee. But you can never please hon. gentlemen opposite primarily for the very good reason that they want to make political capital out of the situation. The government appointed as a commissioner to inquire into this matter one of the best qualified judicial minds in the country, and still

hon. gentlemen opposite are not satisfied with the report that he has made and submitted to parliament for discussion in the house.

I want now to deal briefly with some of the facts that were brought out in the report.

An hon. MEMBER: Hear, hear.

Mr. BRADETTE: My friend of the Co-operative Commonwealth Federation party says "hear, hear." Only a short time ago one of their members criticized the house because we enjoyed a smile, but let me tell the hon. member for Weyburn (Mr. Douglas) and his party that it would be better for them if they too would smile sometimes instead of trying to capitalize on misery. It would be better if they had red blood running through their veins insead of "blue ruin" at all times. They have tried to make political capital out of the Bren gun contract.

I ask the hon. leader of the opposition now, if the Bren gun contract were cancelled, can he tell us where he would get the Bren gun made more cheaply?

An hon. MEMBER: Sure.

Mr. BRADETTE: Then go ahead and tell us.

Mr. DOUGLAS (Weyburn): What is the cost at the present time?

Mr. BRADETTE: It is stated in the contract.

Mr. DOUGLAS (Weyburn): It is not.

Mr. BRADETTE: I beg the hon. gentleman's pardon, it is; and that just shows how unfair hon. gentlemen are in their criticisms. They criticize the price when they do not even know it. They criticize the contract when they have not even seen it. The contract states that for the first 1,000 guns the price is to be $487; for the next 3,000, $314; for the next 6,000, $294; for the next 2,000, $294.

Mr. MACKENZIE (Vancouver): They never heard of that before.

Mr. BRADETTE: No, they never heard of that before.

Mr. DOUGLAS (Weyburn): Is that all they cost?

Mr. SPEAKER: Order.

Mr. DOUGLAS (Weyburn): On a point of order, Mr. Speaker—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Sit down.

Mr. SPEAKER: The hon. member cannot ask a question except with the permission of the hon. member who has the floor.

Mr. DOUGLAS (Weyburn): I was given his permission, Mr. Speaker, and I ask him now, will he give the total cost?

Mr. BRADETTE: I am sorry I cannot hear the hon. gentleman.

Mr. DOUGLAS (Weyburn): I asked, what is the total cost?

Some hon. MEMBERS: Sit down.

Mr. SPEAKER: Order. I would remind the hon. member that the house is not in committee, and he cannot ask questions without permission.

Mr. BRADETTE: In this discussion—

Mr. STEWART: Comedy!

Mr. BRADETTE: I want the hon. member to retract that statement. His party is wholly responsible for that debate. I was going on to say, Mr. Speaker, that the great Conservative party, which has been so loyal at all times so far as British and Canadian interests are concerned, is slipping very badly at the present time. The problem of the Bren gun is not like any other question arising in connection with some other department.

An hon. MEMBER: Hear, hear.

Mr. BRADETTE: Someone says "hear, hear," and I assume he is absolutely in agreement with me because in this discussion parliament should be fully seized of the seriousness of the international situation. Let us never forget in our discussion of this matter that in the British war office and in the Department of National Defence in Canada there are records which must of necessity remain secret and departmental. This is so true that we find in countries like Germany and France their own citizens have been gaoled and executed for giving away to other countries secrets relating to armaments. I see the leader of the opposition laughing. Is he laughing at that statement?

Mr. MANION: No, I am laughing at the hon. member.

Mr. BRADETTE: I can tell the hon. gentleman that he looks very, very undignified before the Canadian public at the present time, when he makes such personal reflections. Would he say that there is no secret in the whole Department of National Defence that should not be kept secret from the public?

Mr. MANION: I will answer the hon. gentleman's question. When I was overseas defending the secrets of this country, my hon. friend was flitting around Canada doing nothing.

Mr. BRADETTE: I am going to answer my hon. friend. I was in uniform. I went to enlist voluntarily. If I did not do any active service it was on account of defective eyesight. I want the leader of the opposition to retract his statement. Parading their loyalty like peacocks! The people are sick of that kind of stuff; the real returned man will never make a statement like that made by the leader of the opposition. Let him withdraw it. I tell him again that there are some secrets which the British war office does not disclose, and the Department of National Defence has matters which remain departmental secrets.

Mr. MacNEIL: Except for Major Hahn.

Mr. BRADETTE: Just imagine the hon. member making such a statement at the present time. It needs a great deal of patience sometimes not to say what we have in our minds on certain matters; capitalizing on these little things and not giving to hon. members the right to state their honest opinions. The hon. member for Vancouver North knows well that France, Great Britain and Australia have some secrets that they will never allow to be made public. They will allow them to be disclosed to a parliamentary committee sitting in camera, but never to the wide world. Hon. members know that perfectly well, but never mentioned it during the present debate. On a good many occasions during the hearings of the commission the deputy minister was shaking his head from the sidelines because of infringement on some of the departmental secrets. Surely the leader of the opposition will not try to bring up against General LaFleche what he tried to throw at me a moment ago.

Mr. MANION: I did not reflect on General LaFleche at all in any shape or form.

Mr. BRADETTE: These are matters that we must not forget. My hon. friends have made great capital out of Major Hahn. As far as I am concerned I have no brief for him; I never met him. But what has he done to be pilloried and crucified for, as he has been during the past three days? Has he not a good war record also? Is it not true that he is a good citizen and even a good industrialist and manufacturer?

An hon. MEMBER: We do not know.

Mr. BRADETTE: My hon. friends do not want to know; that is why. There is none so blind as those who will not see. Then in Lieutenant Colonel Drew's article insinuations and reflections are made against the reputation of a whole family. After knowing what has been brought out, having read the report of the commissioner, I must say to the hon. member for Trinity (Mr. Plaxton) that if I had been in his position I would have done exactly what he did. No hon. member, no party, not even Colonel Drew has the right to make insinuations against a whole family. What crime has the hon. member for Trinity committed? Only the crime of trying to work for his constituency, to bring an industry to the city of Toronto. I did not think they were so well off there as far as employment is concerned that he did wrong in that. Is there anything wrong? The leader of the opposition said there has been no corruption. It is true some details of the contract have been criticized; there are varying opinions pro and con, but have my hon. friends ever been in a law court and listened to the pleadings on one side and the other where a contract is involved? In this instance the opposition have never been fair; they are simply trying to pollute the mind of the Canadian people, and falsify the import of the report. They have not listened to the debate in this house for the last three days with an open mind, because if they had they would not be able to make political capital out of the situation as Colonel Drew has done.

Coming again to Major Hahn, after reading his testimony before the royal commission I am convinced that he is a capable man qualified to have and complete properly this contract. He was able to convince the British war office of his competency and to get also a contract from Great Britain which provides employment for our Canadian people, and, what is more, opens the way for further similar and other contracts.

Let me say a word about the conscription of industry. It is interesting to see the most reactionary party hand in hand with the radical party in this house urging the nationalization of industry. I am quite open-minded on the question of nationalization of war industries. But in Canada we are in the happy position that as far as socialism, communism, fascism and nazism are concerned, we can let other countries experiment with them. As regards munition manufacture we have the experience of France, that great ally of Great Britain. They have their popular front, a radical and labour government; they nationalized their aviation industry, and I refer to a report that was given dealing briefly with that matter.

One of the legacies of the popular front, state manufacture of armaments, has been held responsible for France's weakness in aircraft. This in turn was a compelling factor in the acceptance of the Munich agreement.

This should show my friends of the Co-operative Commonwealth Federation that public ownership in certain industries is not desirable. On this matter even the interdepartmental committee were not in agreement. My hon. friends who are in favour of the nationalization of the munitions industry have been against all the votes for national defence; yet they would have this country enter upon an expenditure, for equipment alone, of at least $100,000,000. It is well to look before we leap on that important question, and I am speaking in all seriousness.

Some hon. MEMBERS: Oh, oh.

Mr. BRADETTE: A fine laugh I get from the other side. I am speaking as a democrat, a Liberal and a progressive in making that statement. Governments have the human failings that others have. No one can make me believe that if in the present instance the government had started to build the Bren gun, the guns could have been produced in any shorter time or at a cheaper price. We all saw something of the orgies of profiteering during the great war. In northern Ontario the provincial government experimented in mining under so-called public ownership on a small scale in the silver mining industry in the district of Cobalt, where it was a complete failure. When an opportunity arises, I hope to be able to enlarge on that question of public manufacturing of war material.

Mr. J. A. MARSH (Hamilton West): The observations I have to make will be very brief. On several occasions I believe I have violated in some measure the tradition of this seat I now hold. I believe my predecessor was once heard to say from this desk that if he ever spoke more than fifteen minutes he hoped some one would ring the bell on him. And it may be within the memory of the house that it did happen on one occasion that someone with a sense of humour rang a bell in the lobby.

This matter that we are debating calls for some heart-searching. It behooves every hon. member, whether in the government or the opposition, to do that heart-searching. I will speak on the principle of this question rather than the details and the evidence; the latter has been amply covered by hon. members.

I am mindful of the fact that some twenty years ago almost half a million young men, the flower of Canada's manhood, left these shores to fight for Canada and the empire. They wore army boots on which exorbitant profits had been made, and they ate bully beef, some of which was not fit to eat, but on the profits of which men at home had waxed sleek and fat. I believe it is the mind and will of every hon. member of this house and every man in a position of leadership in this country and every last man, woman and child in Canada that this shall not be repeated in the year of our Lord 1939. I am equally sure that the brave soldier sitting on the government benches as Minister of National Defence (Mr. Mackenzie) will do everything humanly possible to see that it does not happen again; for I believe he has qualities of mind and heart that will enable him to do a good job.

An hon. MEMBER: That could not have happened with a Liberal government.

Mr. MARSH: It has happened here and now; make no mistake about that. For the last two days we have been engaged in debate on this report and I defy anyone who has read it from cover to cover not to condemn the way in which this contract was handled.

Mr. HOWARD: That is your opinion.

Mr. MARSH: The evidence has been gone into very fully by various members. The member for High Park (Mr. Anderson), the member for London, our leader (Mr. Manion), the member for St. Paul's (Mr. Ross), the member for Kootenay East (Mr. Stevens), our orator friend the member for South Waterloo (Mr. Homuth), have all gone into the evidence, and, I believe, have dealt with the matter strictly on the evidence. They did not attempt to lay any smoke screen across the issue as some hon. gentlemen have done. Usually I am a great admirer of the legal mind, but I must confess that when the hon. member for Parry Sound (Mr. Slaght), who I am sorry is not in his place, said to the hon. member for Greenwood (Mr. Massey) that he had made a masterly presentation of a bad case, I could not help thinking that the member for Parry Sound himself had made a marvellous effort on no case at all. He was simply laying a smoke screen. Then there was the hon. member for Témiscouata (Mr. Pouliot). I am quite an admirer of his, but I submit that yesterday when he spoke we were treated to a pantomime, because the merits of the case were not discussed. And now we have listened to the hon. member for Cochrane (Mr. Bradette). The legal mind was in operation, going through marvellous mental gymnastics, but not dealing with the evidence. The member for Weyburn (Mr. Douglas) was right yesterday when he remarked that it was a good thing

that we have had a laugh, because, goodness knows, there have been some serious faces and some very much embarrassed people in this house in the last few days, and they have not been on our side.

Mr. GARDINER: You should sit over here and see what we see on your front bench.

Mr. MARSH: We soon will.

Mr. EULER: You don't see them.

Mr. MARSH: Now here is a contract awarded to a boiler factory, a broken-down boiler factory at that.

Some hon. MEMBERS: Oh no.

Mr. MARSH: Well, there is nothing in the evidence, and no arguments have been advanced, to the contrary.

Mr. GARDINER: They made munitions all through the last war.

Mr. MARSH: Yes. That was twenty-five years ago but there has been a great change in the manufacture of instruments of war.

Mr. GARDINER: And no one has made any since.

Mr. MARSH: I repeat, here is a broken-down boiler factory receiving a contract for the manufacture, mark you, of a deadly, delicate precision instrument, where tolerances of a thousandth of an inch are a common practice. I say that this is a form of departmental stupidity which I am utterly at a loss to understand. At the same time there are throughout Canada many firms in our cities, in Toronto, Hamilton, London, Welland, St. Catharines, capable of making precision ordnance and making it well.

Mr. MACKENZIE (Vancouver): Where?

Mr. MARSH: I have already told you. If the hon. gentleman would like me to enumerate some of the plants I should be glad to do so. This business was handed for negotiation to a man who had had no experience in the making of munitions of war. It was given to a company which was not equipped to turn out a product of this sort, a firm of very doubtful financial responsibility. I suggest that this is not a very auspicious start in the spending of $63,000,000.

I said that I would not go into the evidence, but inasmuch as some exception has been taken to what I have said I think I ought to refer to one part of Mr. Justice Davis's findings:

> Notwithstanding that the contract involves the expenditure of several millions of dollars by the Canadian government, no industrial producer (other than Major Hahn) was consulted by the Department of National Defence as to the proposed manufacture of Bren guns for the Canadian government or invited to give competitive bids for terms of manufacture. Nor did anyone, so far as the evidence shows, ever visit any industrial plant (except Inglis) to consider the possibility of production of Bren guns in Canada. Mr. Hellmuth put certain questions to the minister in this connection to which, with the answers, I now refer:—
>
> Q. You did not give anybody else a chance?
> A. Nobody asked for it.

I will not give what follows; it is simply an elaboration of what I have read. Sir, I would not buy a pair of boots in that way with my own money; how much less should the department use the taxpayers' money to buy instruments of war? I submit that the stewardship of money is not a virtue in the department. If it is they have not shown it in this contract. The hon. member for Trinity (Mr. Plaxton) wrote to the Prime Minister a letter a part of which I will read:

> A group of friends of mine in Toronto are equipped fully to manufacture munitions. Their plant is located in my constituency. They have asked me to ascertain whether or not the government's policy permits of the obtaining of orders from the British government. I shall appreciate greatly receiving your advice in this regard.

That is the evidence of the hon. member for Trinity: "We have a plant, we are equipped." Well, now, the resident inspector in Ottawa, appointed as inspector for the department of ordnance, made an honest report with reference to this same plant. Here is the report:

> This plant is primarily equipped for the manufacture of boilers, turbines and the working of heavy plate generally. All equipment is in reasonably good condition, considering the length of time it has been in use.
>
> The machinery at present in this factory with few exceptions is unsuited for the manufacture of aircraft, but it might be used for the manufacture of tanks or shells. . . .

I interject: how much less capable of being used for precision machinery like the Bren gun.

> This factory is at present inoperative and has not been in operation since April, 1936. There is no design staff at present employed and the total number of workmen now employed consists of three men as factory maintenance staff.

And yet this is the plant which is equipped to manufacture the Bren machine gun. A question has been asked: What firms in Canada could make this gun? It is brought out in the report of the commission that a number of firms which are set out, such as the Dominion Bridge Company, Bertram Company, The Steel Company of Canada, Canadian Car and Foundry Company, Limited, the National Steel Company, and

others, are skilled in the manufacture of precision articles of steel of one kind or another, and that with very little additional tooling equipment could be harnessed to fulfil the contract.

It has been stated in the press that the Prime Minister and the cabinet were prepared to whitewash the department and had done so. I did not believe that when it came out in the press; I wanted to be fair and to see how the matter would be treated in this house. But since hearing the arguments yesterday and the day before, and again to-day, I am convinced that undoubtedly there has been an effort to whitewash the department. If that is so I would suggest that they bring in a brand-new barrel of whitewash if they have any hopes of restoring that pristine purity and whiteness from the present shade of tattle-tale gray. If this government has whitewashed the department and the minister, why has a purchasing board been advocated? Why another commission to be added to the multitudinous number of other commissions that have brought forth so much criticism from the taxpayers on former occasions?

I am not opposed to the appointment of a purchasing board, although I would much rather see a munitions board entirely devoid of political patronage. But in the establishment of a purchasing board or of a munitions board the government has found it necessary to take away from the department the power to purchase, which is a long piece removed from whitewashing. The point is that someone in the Department of National Defence, I know not who, authoritative enough, powerful enough to negotiate a contract, has made a sorry mess of things in this Bren gun contract. It is bad enough for the taxpayers of Canada to be dipping into their pockets and pulling out a million dollars a week for a publicly owned railroad; but it is doubly bad for money to be improvidently spent in a contract such as this, and I will tell you why. Underneath, overhead and all around every dollar spent in national defence may be the blood of Canadian young manhood. Mr. Speaker, I hesitated to rise in my place and condemn this contract. I believe throughout Canada to-day we must do everything possible to build up the faith of our people in such a department as the Department of National Defence. Had there been a time of crisis I should not have spoken, but perhaps it is best that this thing has come to light, so that other similar contracts may not be let. There are plenty of departments I would rather have attacked than the Department of National Defence, for the reason that the people of Canada must be taught to have confidence in men in public places, and especially in this minister and this department.

While I am on my feet—and this does not particularly relate to the amendment—may I suggest that the government cannot economically and intelligently compete with private industry in the making of munitions. Our factories have lathes, milling machines, drills, shapers, punch presses, and so on. They have the necessary foundation work for precision machinery, and they have the necessary automatic machinery. So, with the possible exception of small arms, I think the government should not go into the munitions business. But may we make sure of this, that such business be let by contract, after tenders have been called, so that private industry may be allowed to compete. That is the only way we can buy munitions intelligently; and, contracts having been let, may every last piece, every last shell, every last machine and every last gun come up to specifications. This government and the Department of National Defence can see to it that there is no profiteering in connection with war materials.

Mr. MARTIN: If the hon. member will permit a question, what is the practice in Great Britain and the United States?

Mr. MARSH: The practice in Great Britain is very different from the practice that was followed in the letting of this contract. I should like to point out to the hon. member that before a firm is selected to make any kind of war machinery or shells for the British war office, that firm is thoroughly investigated.

Mr. MARTIN: If the hon. member would permit one more question, is it not a fact that this contract was given by Great Britain?

Mr. MARSH: This contract was given by Great Britain after the government of this country, backed by the Minister of National Defence, the cabinet and the Prime Minister, had suggested it to the British government. That is the answer, on the evidence that was brought out in this inquiry.

Mr. MACKENZIE KING: Does my hon. friend say that I suggested a contract to the British government? If he does I wish he would show me where that appears in the evidence.

Mr. MARSH: No, Mr. Speaker, I did not suggest that. I did suggest that Major Hahn went over, according to this evidence, with the complete benediction of the Prime Minister.

Mr. MACKENZIE KING: That is absolutely incorrect as well; but what my hon. friend has just said is entirely different from what he said a few moments ago.

Mr. MANION: Hahn was made the representative of the Canadian government by the Prime Minister himself.

Mr. MACKENZIE KING: The hon. member spoke about a contract. There was no contract in existence, or drafted, or even thought of at the time; absolutely nothing.

Mr. MARSH: At least he went over as Canadian representative, to negotiate a contract.

Mr. MACKENZIE KING: No, he did not go over as Canadian representative.

Mr. MANION: He was made the Canadian representative right afterwards.

Mr. MARSH: Then I am correct in saying that he was made Canadian representative right after he got there?

Mr. MACKENZIE KING: It is evident that my hon. friend does not know the facts or he would not have to ask such questions.

Mr. MARSH: After the discussion we have had here during the last two days, based on this blue book, during which the members on this side of the house have dealt essentially with the facts, while the hon. member for Parry Sound (Mr. Slaght) dealt with a smoke screen and the hon. member for Temiscouata (Mr. Pouliot) entertained us in pantomime fashion, I suggest that there has been nothing wrong with the arguments presented from this side. If I understand the English language at all, as I read this report it is a condemnation of the government from cover to cover.

I suggest, Mr. Speaker, that it is the common thought of all that there should be no profiteering in Canada in connection with war supplies. What man can be called a Canadian who will make or take blood money? But here is a million dollars of profit on a stock transaction pertaining to a $5,000,000 contract. Is that economy? Is that a proper stewardship of money? Is that Canadian? I suggest that it is not, and I urge that this thing that has happened must not happen again.

Mr. A. G. McAVITY (St. John-Albert): Mr. Speaker, with no previous knowledge of shell manufacture, using the broken down boiler factory that has been mentioned so often, using a cement factory and under similar conditions, Canadian manufacturers during the last war produced munitions to the value of over a billion dollars. I joined the imperial munitions board shortly after the war started. I was superintendent of production; I think I know whereof I speak, and I may say that I have heard a good deal from the other side which to me is utter nonsense. Shell shipments from Canada increased from $5,377,000 in 1915 to $19,942,000 in 1916 and $23,782,000 in 1917. In 1917 we received orders to slow down in Canada, because we were shipping more munitions than they required. It was easier for me to speed up production than to slow it down, with my temperament, so I put in my resignation to the chairman, who paid me a tribute on the back of a cigarette case which I still carry occasionally, and which is inscribed with these words:

In grateful memory of unfailing support in a difficult task.

I left the munitions board, Mr. Speaker, thinking that the United States would want our production; and certainly our people who had been set going wanted to keep going. This was arranged. The Canadian government sent a trade board to Washington; I worked on my own, and I received the first order from the United States ordnance department for munitions to be made in Canada. The total of United States munitions contracts with Canada amounted to $232,168,000. Many of those contracts were cancelled because of the armistice, but shipments to the United States, which commenced early in 1918, reached a total of seven million shells, in addition to two million shell forgings and other material. The total orders shipped from Canada by the imperial munitions board amounted to $1,200,672,412.78. In 1916 the total exports to the United Kingdom were $451,852,399.

Mr. SPENCE: Get up to date.

Mr. McAVITY: The imperial munitions board shipments were $296,505,257: Is that not a large percentage of the business of that time? I shall come up to date in a minute.

Mr. GARDINER: He did not know that.

Mr. McAVITY: Much has been said about the suitability of the John Inglis plant for the manufacture of Bren machine guns. I knew William Inglis in 1905, and for many years I did business with him. He was one of the first manufacturers to take an order from Sir Alexander Bertram to manufacture shells. What did he have then? He had the same boiler factory we have been talking about. I will pay this tribute to him, that he was a first class manufacturer, and did splendid work. When Mr. Inglis and other

gentlemen who undertook to manufacture shells, but who had never seen a shell before in their lives, took their first order, what did they do? They were practical men. They wanted to see a shell to see what it looked like. They wanted to visit factories to find out how shells were made. There was no difficulty about that, because it was very easy for Sir Sam Hughes and Sir Alexander Bertram to arrange for these gentlemen to go to the Quebec arsenal, where Colonel Lafferty showed them how shells were being made. They were shown only a few shells.

What happened in this case? Major Hahn wanted to manufacture Bren guns. What was the natural thing for him to ask? He wanted to see the gun made. First of all, he wanted to take it apart. He did that. He examined it, and then he went to England to see it made. I am asking if that is not what a practical man would have done. Is that not what a man who wishes to make an article he does not know much about would have done? Before he had gone very far he said, "I want to see the gun made." He went to England but could not gain admittance to the arsenal. Hon. members know what arsenals in the old country are like; it is difficult to get in. Nothing daunted, however, he went to the high commissioner's office and asked for a pass to gain admittance to the arsenal. That is all this amounts to, if one takes the trouble to read it through. The high commissioner cabled back, and the Prime Minister (Mr. Mackenzie King) very properly replied. Surely no person can take exception to the cable, if he reads it in that light. It was a pass to the works at Enfield. That is the way I read it, and I believe that is exactly what was meant.

This whole matter has become befogged with a great mass of detail which confuses the ordinary man. I am not a lawyer, but it seems to me that was a perfectly reasonable and practical procedure, and the man did the right thing when he went to see the gun made. The manufacturer now in question is the type of man I would have selected to make shells in 1914, because it was just that type of man who produced results.

Frank P. Jones, president of the Canada Cement Company, operating a cement factory in Montreal, asked to be allowed to make shells. We gave him an order, and he was one of the best manufacturers we had. He did not have a factory at all; but he produced one, and in that factory he manufactured shells. He made special machinery, and was the first man to use female labour in operating shell lathes on the heavy calibre 9·2 shells. I could mention a number of others who did the same thing, manufacturers who had had no experience but who, with no difficulty, became excellent production men.

To-day there is no factory in Canada equipped to manufacture the Bren gun. All the equipment must be created. So far as I have described the proceedings, surely this man has gone about the matter in the right way. Apparently Major Hahn went to England with a tentative order to make shells for the Canadian government. Although the order had not been signed at that time, at least he was expecting to get it. When he saw the gun being manufactured in the Enfield plant he was quite convinced he could make it and, what is more, convinced the British authorities as to his ability to do so. He developed a tentative order from them to make an additional 5,000 guns. In doing that be pointed out that by making 12,000 guns the price could be reduced to both Canadian and British governments. Surely there is nothing wrong with that.

Then Major Hahn returned to Canada—and what was he faced with? He was faced with an interdepartmental committee asking that tenders be called. At that stage of the game, I ask the house, how could tenders be called? It was an impossible proposition.

Mr. HOMUTH: Why not?

Mr. McAVITY: I will show why not: This man had won the confidence of the British war office, and had a tentative order from them for the manufacture of 5,000 guns. He also had a tentative order from the Canadian government for the manufacture of 7,000 guns. How could you put any other manufacturer in the same position, in the event of inviting competitive tenders?

Mr. HOMUTH: Nonsense.

Mr. DOUGLAS (Weyburn): Why, then, did the government appoint the interdepartmental committee?

Mr. McAVITY: I wish to return to the argument about the plant. There has been a great deal of talk about a broken down boiler factory. Let me tell hon. gentlemen opposite that it was not from the lists of old-time manufacturers, who had been in business for a hundred years or more, that the best manufacturers of shells were obtained. Those manufacturers were too conservative in their methods. I remember distinctly two firms in Brantford, namely, Gould, Shapely and Muir, and the Waterous engine works.

both with high standing, each of which received a comparatively large order from General Bertram for 50,000 of the 4·5 shells. In the same city of Brantford was the small firm of Kerr and Godwin, a firm which was almost unknown and one with less than a dozen employees on its payroll. Subsequently they secured an order from the shell committee for the manufacture of 10,000 shells. My memory as to the figures may not be exactly right, but I believe I am not far out. Kerr and Godwin had the right driving force. They got mechanics and machinery, and before the two well known firms had shipped 100,000 shells Kerr and Godwin had shipped 150,000. That is the type of firm we need to produce shells.

Mr. HOMUTH: What has that to do with this contract?

Mr. GARDINER: You would not know, anyway.

Mr. McAVITY: I did not hear the hon. member. The suggestion has been made that we should have a government arsenal. I believe the chief of staff suggested that an expenditure of between $30,000,000 and $35,000,000 should be made. Might I point out that an arsenal capable of producing a billion dollars worth of shells would cost a great deal more than $35,000,000. I would think it would cost something nearer $350,000,000—and we certainly do not want to create any more white elephants of that kind to feed. It would be a white elephant in peace times.

I say we do not need an arsenal, and I believe that in continuing the practice we have followed we are following the practice of the rest of the world. Germany is mobilizing industry; France is mobilizing industry; the United States is mobilizing industry, and Canada must do the same.

Mr. HOMUTH: Just one.

Mr. McAVITY: May I pay tribute to the Department of National Defence for the work they have done. They have prepared a careful survey of all the manufacturing plants available in Canada. If a condition of war should arise again they will not be in such a muddle as that in which our Tory friends found themselves in 1915, when they were faced with the shell inquiry, the discarding of Oliver equipment, and other troubles. The Department of National Defence will have an organized plan through which it will be able to make use of industry, right from the start, and without any of the difficulties formerly experienced. In that connection I quote the words of Mr. David Lloyd George. He said:

> Our eyes were at first shut to the vital importance of war material and the difficulty of improvising its production. The realization of what the enemy had done in this direction during years of stealthy preparation for the "day" came as a shock perhaps even greater than that caused by the discovery of his numerical strength, and was followed by the painful awakening as to what we had to undertake in order to catch up.

Certainly we are in a much better position to-day than we were in the fall of 1915 when our Tory friends were completely bewildered and confused by that rugged individualist Sir Sam Hughes who then had charge of affairs.

Much has been said of the cablegram which was sent, but as I have already said, it was nothing more or less than an application for a pass to permit Major Hahn to visit the Enfield works to inspect the manufacture of the gun. That is the way I read it. If my hon. friends opposite want an explanation of what happened in the last war, I would point out to them that the imperial munitions board was a branch of the imperial government headed by the Right Hon. David Lloyd George. Let me say to them that the then Prime Minister, Sir Robert L. Borden, came to our office to see our chairman with contractors and urging shell contracts for them. I think the same applied to every member of his government and almost every member of the house at that time. They were trying to get contracts from the imperial government. There is a precedent for you.

I have seen the contract which has been criticized by the hon. member for Kootenay East (Mr. Stevens). I had a hand in making a thousand of contracts for munitions. I sat in and helped to make contracts with the imperial munitions board and the United States department of ordnance, and I never saw any contract which so rigidly ties down the manufacturer as does this Bren gun contract. Mr. Justice Davis rightly says:

> No substantial objection can be taken in my view to the provisions of the Canadian contract.

I assume that no exception was taken to the provisions of the British contract. The commissioner says further:

> There are adequate powers of inspection, supervision and control vested in the department.

In my opinion if the contract is rigidly enforced there will be little, if any, profit for Major Hahn and his associates. In connection with profits, and following my argument as to how a manufacturer with plenty

of force and vim who controls a large organization can carry out this work, let me refer to the late Sir Frank Baillie. What did he know about manufacturing munitions? What did he know about manufacturing anything before he was given an order for cartridge cases for the imperial munitions board? Yet he was one of the most successful and most conscientious contractors that we had. When Lord Rhondda came to this country Sir Frank Baillie said to him that they were paying too much for these cartridge cases. He told him that if he was given an order for a million cases at the set price, he would turn back whatever profit he made after keeping accurate costs. These cases were costing $1.75 each; the order totalled $1,750,000, and he handed back $758,000.

A suggestion was made by the hon. member for York South (Mr. Lawson) that the railway shops should be turned into arsenals. I would point out to him that the railway shops were not used during the last war to any great extent for the simple reason that they were required in order to keep the locomotives and cars in running order. Transport is just as important as anything else.

Mr. LAWSON: There is no war on just now.

Mr. McAVITY: But you do not want to have them manufacturing war materials and not be available if we do have a war. Since hon. gentlemen opposite have not made any constructive suggestions I should like to put on record one or two things which I believe could be profitably taken from our last experience in mobilizing industry.

I would urge upon the government the importance of not letting mechanics leave the country in the event of a crisis. We need all our mechanics for our mobilization scheme. Anyone can run a motor car, but how many can repair one? Similarly, anyone can run a shell machine, but how many can set one up? The hon. member for Huron-Perth (Mr. Golding) knows all about that, because he was in the shell manufacturing business. If you have mechanics to set up these machines, if you have them tooled properly, a woman or a one-armed or one-legged man can run them. Then you would not need to hold back any volunteers or conscripts. But you must have mechanics and you must have foremen, because, like the sergeant in the army, the foreman is the backbone of any mobilization scheme.

Some valuable suggestions were made by the Hon. R. H. Brand, a member of the imperial munitions board. He resided in England and maintained contact with the minister of munitions. In his report made after the war he had this to say:

In the first year or so of the war the possibilities of munitions making in Canada were not by any means fully recognized in England, and very large orders were placed in the United States which it would have been to everyone's interest to place in Canada. When once a huge program had been started in the United States it was a matter of some difficulty and many months to get it transferred to Canada. Other British departments similarly ignored the great assistance that Canada could be to them. For a good many months I urged unsuccessfully on the board of trade that Canada could build ships to assist in meeting the submarine crisis, and on the war office and the admiralty that Canada could provide not only aeroplanes but an air force. Even in December 1916 the board of trade informed me that they did not require any ships, and it was only after the ministry of shipping was formed that the board was authorized to begin a building program in Canada. Similarly it was only when the air board, the forerunner of the air ministry, was formed that serious attention was given to the possibilities of Canada in this direction. I was so convinced of the importance of this matter that I appeared before the air board to urge it at its first meeting. Shortly afterwards a program was agreed upon and the board was instructed to begin building aerodromes and aeroplanes.

If relations in future are to be close between the different governments of the empire—

That is why I am reading this because that is what we are interested in.

—and between different departments of those different governments, an effective liaison service will be absolutely necessary. The imagination and foresight of human beings are limited, and of civil servants as much as other classes of the community. If the imperial munitions board had had no representative of its own responsible to it, and there for the one purpose of interpreting its wishes and wants and difficulties to the ministry of munitions, friction would have been constant and inevitable. The officers of the ministry were overwhelmed with their own duties; they did not know Canada; they did not understand their problem, or their way of looking at matters; they did not realize that cable correspondence between men 3,000 miles apart is the most fruitful mother of misunderstanding. This is not said in any way to magnify the importance of my office. It is a fact. The trouble can easily be overcome by each department of each government having its own representative in close touch with it, and responsible to it to interpret its wishes in the other country.

I sincerely hope that the government will try to keep the authorities in England fully informed, either through the high commissioner's office or by some other means, as to our ability to produce shells. I hope that by some means or other this discussion on the Bren gun can be kept from their notice, because it certainly will not do us any good. We should point out to the British authorities that we are better prepared to-day

than ever before because we have made a complete survey of our industrial organization. We have more metals available to-day than ever before. The comparative figures in connection with zinc, nickel, lead and copper are quite surprising. I should like to give the figures for 1914, 1918 and 1937. I am giving the figures for 1918 to show that even under the pressure of war the supplies were comparatively low. The figures are:

	1914 Pounds	1918 Pounds	1937 Pounds
Zinc.	7,246,053	35,083,175	370,418,073
Nickel.. ..	45,517,937	92,507,293	224,790,974
Lead.	36,337,765	51,398,002	411,221,232
Copper. ..	75,735,960	118,769,434	531,041,878

I would just say in connection with this table that we have by long odds the largest nickel production in the world. Lead, of course, is an important factor in the making of shrapnel, but most important of all the metals is copper, which is used for cartridge cases and fuses. In copper we were able to get up production only to 118,769,434 pounds in 1918, but the figure stands to-day at 531,041,878. So I say that we are in a much better position to-day than before, in that we have our own metals and our own mechanics, and our men will give a good account of ourselves.

There is one other item that I want to mention in connection with the whole problem of national defence, and it is a matter which I do not think has been seriously considered to date, I refer to the equipping of our more important ports so that in time of emergency certain specified terminals or areas can be completed on short notice for the use of the army, the navy and the air force without in any way disturbing the commercial activities of the port.

For many years the important United Kingdom and continental ports have always taken this problem into consideration in port development. In the United States, for the last thirty years or more, the United States army corps of engineers have had control of this problem. The policy developed by the United States government was to build army and navy base terminals at the more important ports. These terminals were leased to commercial enterprises during peace times, but could be taken over by the military authorities at once in the case of any crisis.

At practically all the terminals at the more important Canadian ports nothing has been done, and if it is found necessary to commandeer existing facilities for war purposes it will undoubtedly seriously disturb their commercial activities. Also these terminals are not equipped for operations under war-time conditions. The handling of high explosive munitions and supplies of one kind or another is a highly technical matter, and, particularly with respect to munitions, a dangerous operation. We certainly should not risk a repetition of the Halifax explosion.

It seems to me very important that in the scheme of national defence the situation with regard to port and terminal facilities at our national ports should be reviewed, and operating orders should be in the hands of a responsible person so that the various harbours involved would be able to change over from ordinary commercial harbours to a war-time basis without the inconvenience that was experienced during the last war.

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, I should like to approach this delicate subject in as dispassionate a tone and tenor as possible. Like the hon. member for Parry Sound (Mr. Slaght) it is not my intention to be personal, and I hope that no one in the house, neither the Minister of National Defence (Mr. Mackenzie) nor any other member, will construe the remarks I may have to make as in any way reflecting on their personal character or characteristics. I have a public duty to perform, and I shall endeavour to perform it to the best of my ability. If I err in my judgment I know that my constituency will hold me responsible. Human flesh is subject to the frailties of conditions and times, and in a moment of weakness we are all likely to make errors which later we attempt to retract.

I was hoping that as this debate progressed we might observe some symptoms from the government benches of light beginning to dawn, some indications that they realized that a serious mistake had been made and were prepared to remedy a condition that was not conducive to the good of Canada. It was my privilege, Mr. Speaker, to be in attendance for several sessions at the Bren gun inquiry, and I had the opportunity of observing the various witnesses and noting the remarks made by counsel and from the bench. In speaking on this subject I am therefore not totally unaware of the subject matter of the report; for I have had the privilege of reading it, and noting very carefully some particulars of it, and I also had the privilege of listening to the testimony that was given before the commissioner from time to time.

This is serious matter that we are discussing. I do not think anyone in the house will gainsay that statement. A condition has grown up which, unfortunately, must be rectified.

The Bren gun was first discussed, I understand, back in 1936. The defence department became interested in it, and later, in 1938, after a lapse of almost two years, a contract was entered into with a firm known as John Inglis Company Limited to manufacture Bren guns for the government of Canada and for the British war office. I should like for a moment or two to strip this whole undertaking of its frills, verbal and otherwise, and examine the bald facts in connection with the Bren gun transaction.

Mr. GARDINER: You will have to answer all the speeches made on the other side, then.

Mr. WALSH: I am fortunate, Mr. Speaker, in that I have little to answer from the other side of the house. They have put up very little argument as yet, although most of the speakers on the other side, I notice, have been very astute lawyers, able to defend a type of case where the going is rather difficult. I commend the government for their ability to raise speakers of that type and press them into service. But what we should like to hear from the other side is a definite argument to offset those which have been advanced from this side. The facts and figures in connection with this contract have been very impressively placed on record, but they have not been dealt with by speakers on the other side of the house. Anyone who has been reading *Hansard* for the past two or three days, with any degree of non-bias, will readily agree that the speeches of hon. gentlemen on the other side have been made, not in defence of the contract entered into, not to combat the statements made from this side of the house, but merely to gloss over the conditions as they really exist. They have made a vain attempt to apply a coat of veneer to a rough and unfinished surface, and that coat is not sticking, as they will realize when they confront their public.

Let us now examine this Bren gun contract. The government decided that they would manufacture and use this Bren gun. A person was selected, Major Hahn. As any business corporation or organization would do in a delicate proposition of this kind, one involving the spending of millions of money, one would think the government would be very careful to select a person or organization equipped in every way to handle the contract they were seeking to place. But, instead of that careful investigation, instead of selecting an established firm or an individual who was qualified technically and otherwise to handle a matter of this kind, they selected Major Hahn.

An hon. MEMBER: He was qualified.

Mr. WALSH: Major Hahn was not qualified; he did not pretend to be qualified; he never said he was. Major Hahn had no experience in machine shop work or in the manufacture of munitions or implements of war.

Mr. HOWARD: Did the hon. member not hear the last speaker?

Mr. WALSH: I heard the last speaker; I paid little attention to his argument because it was not founded on facts. His premises were wrong to start with; therefore the rest of his argument was completely unsound.

Mr. DUNNING: He had the misfortune of understanding this industry.

Mr. WALSH: He understands certain features of the industry, but he does not understand the Bren gun or the Bren gun contract. That is what we are discussing. And we are discussing this contract in the light of to-day, not in the light of experience of twenty or twenty-five years ago. Major Hahn had a splendid war record; he had one experience in business, namely the manufacture of radios; that was his qualification to apply for the contract for the manufacture of Bren guns. He did not even have a plant; he had no equipment; he had nothing whatsoever to commend him to the Department of National Defence except a recommendation from the hon. member for Trinity (Mr. Plaxton). With that recommendation he obtained the ear of the Minister of National Defence (Mr. Mackenzie), of the deputy minister of national defence, and he obtained the entrée into channels on the other side that finally led to his getting the contract.

Mention has been made in this debate of the attitude of the British war office. I leave it to hon. members on both sides of the house; here was a man who went to England with official introductions and who received through the high commissioner's office other letters of introduction. He was accompanied by a Liberal member of the Canadian parliament, accompanied also by the brother of that member, a lawyer. He was also blessed, as few other people are blessed, with official recognition by the Prime Minister (Mr. Mackenzie King), a recognition which very few people in this country could obtain. I wish to read again this cablegram from the Department of External Affairs, over which the Prime Minister presides, which gave Major Hahn his official introduction. Hon .members must bear in mind that Major Hahn was in London; the war office in London refused to interview him except in the presence of an official of this dominion, and in order to consolidate his position over there, in order

to facilitate his entrée, this cablegram was dispatched. It may be found at page 24 of the royal commissioner's report:

> Secret. Your cablegram 9th November 396. Have discussed matter with Minister of National Defence. You might request war office to give Major Hahn, as representing Canadian government—

Mark that.

> —as representing Canadian government in this particular, any information which they consider desirable and necessary to enable National Defence to reach conclusion on possibility produce Bren gun in Canada. It is not desired to request furnishing of information on any article other than this gun.

There he was, officially recognized, a potential contractor, a man who was seeking to obtain a contract from our government. This cablegram was dispatched from the Department of External Affairs, no doubt at the instigation of the Prime Minister. Major Hahn was there under those circumstances. Can one imagine a business firm conducting an important piece of business in that way, to a potential contractor, one seeking favours, an official introduction and hence an entrée into the very heart of the empire and to establish his standing? My hon. friends on the other side say, we could not do very much; he was the man selected by the British war office. The British war office would never have selected Major Hahn but for the recommendation of the Minister of National Defence and the Prime Minister of Canada. Major Hahn would never have obtained entrée to the war office in Great Britain if he had not had this recommendation and had not been officially endorsed as a representative of this country by the Prime Minister, who did it after consulting with the Minister of National Defence.

Mr. McLEAN (Melfort): Would the hon. member permit a question?

Mr. WALSH: Surely.

Mr. McLEAN (Melfort): Would anyone else from Canada have got that entrée to the war office without some introduction from some authority in this country?

Mr. WALSH: That is the point I am trying to make, that neither Major Hahn nor anyone else would get the entrée to the war office unless he was armed with an official message of that kind from the Prime Minister of this country. So there he was, a potential contractor, looking for a contract from the government. He was there armed with an official message from the Prime Minister giving him this entrée, when other people who would have desired such an entrée could not possibly obtain such credentials, nor would they request them.

Mr. McLEAN (Melfort): Perhaps my hon. friend will permit one more question. Is he opposed to anyone from Canada getting any entrée to the war office in order to learn—

Mr. ROWE (Dufferin-Simcoe): He did not say that.

Mr. McLEAN (Melfort): My hon. friend said that no one from Canada could get that entrée without an introduction. I am asking whether he would approve anyone from Canada being able to get that information from the war office.

Mr. WALSH: I always take this stand, that whatever is granted to one individual should be open to every Canadian citizen of the same standing.

Mr. DUPUIS: The war office did not want it.

Mr. WALSH: No, and they did not want this, but it was given to them. Major Hahn was thrown at the war office; they received him because he was the accredited representative of the Canadian government in London at that time. That is why he was received, and that is why they placed in Major Hahn that trust which they otherwise would not have placed.

Let me now read a brief statement from the report, found at page 43. The Minister of National Defence is speaking:

> I may say, so far as I am concerned, I have the utmost trust and faith that this is a good contract for the people of Canada, because I am sure that the war office people and the British people, with their wonderful experience, knowledge and training would not enter into a contract which was not for the public good. I rely very much upon their judgment, as well as upon the integrity of my own officers, and the supervision and jurisdiction of the interdepartmental committee.

There are several inexactitudes in that statement. In the first place he is relying on the opinion of the war office, and the war office had this Major Hahn thrust upon them by officials of the dominion. In the second place he also relies upon the supervision and jurisdiction of the interdepartmental committee, and he never received a written report from that committee in connection with the Bren gun. He received merely a verbal report from the chairman of the committee. If hon. members will look at the minutes of that committee they will see that there was a marked conflict of opinion as between the chairman and the other members of the committee.

I wish to refer very briefly to certain statements that were made in this house last evening. I believe it was the hon. member for Parry Sound (Mr. Slaght) who referred to Colonel Drew as a "young gentleman," and he suggested that he would not discuss that gentleman "in language I must refrain from using." I have more faith in the hon. member for Parry Sound than to suppose he would ever use language anywhere that he would not use in this house.

An hon. MEMBER: He might.

Mr. WALSH: I do not think so. I do not believe that any member of the house would use unparliamentary language anywhere at any time.

Mr. McLEAN (Melfort): That is great faith.

Mr. WALSH: I have more faith in the hon. member for Parry Sound than he has in himself. He goes on to refer to Colonel Drew in most undesirable terms and endeavours to make the people believe that Colonel Drew had used the Bren gun for the purpose of raising himself to the leadership of the provincial Conservative party in Ontario.

Mr. HOWE: And so he did, absolutely.

Mr. WALSH: The statement which the hon. member for Parry Sound last evening attributed to Colonel Drew was made at a banquet which followed the convention at which he was elected leader.

Mr. McLEAN (Melfort): Still more reprehensible.

Mr. WALSH: He prophesied that this contract would be withdrawn by the present government; but apparently he was speaking with an air of optimism, having more confidence in the courage of the present government than the people have at the present time.

Mr. MACKENZIE (Vancouver): Will the hon. gentleman pardon an interruption? Just as I came into the chamber he said that no report was made.

Mr. WALSH: No written report.

Mr. MACKENZIE (Vancouver): There were two different reports submitted to the government before the contract was signed.

Mr. WALSH: I am only reading from certain statements which were made—

Mr. MACKENZIE (Vancouver): I shall be glad to give the hon. member copies of both reports.

Mr. WALSH: —to the effect that no written report bearing on the contract was placed in the hands of the minister.

Mr. MACKENZIE (Vancouver): Yes. They were asked for by the minister, delivered to the minister, and submitted by the minister to his colleagues in the cabinet before the contract was signed.

Mr. WALSH: As I always do, I accept the word of the minister unreservedly. I do not desire to put on the record anything that cannot be regarded as a truthful statement.

I was very much surprised, and, indeed, hurt, when the hon. member for Laurier (Mr. Bertrand) dragged into the debate the suggestion that it was being carried on with a view to casting a reflection on a French-Canadian. Surely the hon. gentleman did not intend to convey such an impression. I have known the hon. member for Laurier as crown prosecutor in Montreal for many years, and he has lived as a neighbour of mine for a considerable time. I am absolutely certain that he had no intention of deliberately raising the race cry in a matter of this kind. I hope he will take advantage of the first opportunity to retract a suggestion that can only lead to disunity in Canada. We all know that we need more unity and harmony than we have at the present time. I say, I was dismayed when I saw a suggestion of this kind dragged into the debate. It made me feel that the arguments which were being put forward by the other side were deplorably weak. When I was at college we were told that when we had a very poor case, a hopeless case, we should use the argumentum ad hominem. The sort of argument to which I have referred above is lower still, and I hope that the hon. member on another occasion will see fit to explain exactly what he meant in the reference he made last evening to French-Canadians.

There is one other matter to which I must refer, and I regard it as one of the most serious sides of the contract. It has been stated in this house by more than one speaker that it is a good contract. It has been said that when the contract is completed the company will make a profit of 7·76 per cent. That is a reasonable profit. It is a small profit considering the work which they intend to do. But speakers on the other side fail to take cognizance of the real situation, and I want to state clearly that situation this afternoon. Something should be done not only to stop stock manipulations of this sort in company development, but the practice should be stopped forever in Canada, for all company promotions.

Stock manipulations of this kind should not be tolerated in a young and growing country like Canada; we cannot afford it; and this is one of the worst examples we have ever had. The only thing I regret, so far as Colonel Drew's article is concerned, is that he did not postpone the publication of it for another two months. Had he done so he would have seen where the greater part of this money that was going to be absorbed by the promoters was going. The article was sprung two months too soon.

Mr. MARTIN: Why?

Mr. WALSH: If he had postponed it he would have seen exactly where the money went.

Mr. MARTIN: Why did he publish it?

Mr. WALSH: Lack of fore-knowledge most likely. The hon. member for Parry Sound refers slightingly to the fee which Colonel Drew received for this article; but it is nothing in comparison to the fee which the hon. member from Parry Sound receives from time to time for defending certain types of mining manipulators in this country, and yet he casts a reflection on Colonel Drew for a small fee he received for writing this article.

Mr. PLAXTON: The hon. member charges that the hon. member for Parry Sound has acted for manipulators of stock markets in connection with mining. I would ask him to name one.

Mr. WALSH: I had in mind Solloway, Mills. I should like to receive just one-tenth of the money he has received for fees from that one liquidation—I would be set for life. I find that the shares issued were 191,662 shares of vendor's stock for this company. This vendor's stock was issued to the promoters without any money being advanced. I should like hon. members to bear that in mind: 191,662 shares of this stock, with a par value of $6 per share, were given to these four or five promoters without a cent of money being turned over by them. That represents about seventy per cent of the interest in the John Inglis concern. If you would convert that into figures you would see that this stock at $6 per share would have a par value of $1,149,972, and it should be remembered that just previous to the stock being withdrawn from the market it had sold for as much as $7.50 per share, while the rumour on the street was that it was going to $20. Can you figure the profit that these promoters were going to make? Last evening the hon. member for Laurier (Mr. Bertrand) referred to the miserable 7·76 per cent—

[Mr. Walsh.]

Mr. McLEAN (Melfort): Would my hon. friend give us the page of the report to which he is referring?

Mr. WALSH: I am discussing something which is not in the report.

Mr. McLEAN (Melfort): I should like to know on what page of the report he finds those figures, because I should like to study them.

Mr. WALSH: My hon. friend will find the figures in the evidence given before the commissioner by the accountant who was engaged by the commission to check these figures. They are all there, and I guarantee that I have given them exactly.

Mr. MACKENZIE (Vancouver): Does my hon. friend mean that there was something in the evidence in regard to $20 a share?

Mr. WALSH: Oh, no, I was merely drawing an inference; I mentioned that it was street gossip.

Mr. DUNNING: Yes, street gossip.

Mr. WALSH: Let me repeat what I have said, because some of my hon. friends on the other side do not seem to desire to get this into their heads. There were 191,662 shares of this company, representing seventy per cent of the stock, issued to these four or five promoters without a cent of cash being paid, and those shares had a par value of $6. I stated that they had sold for as much as $7.50 a share, and that rumours on the street were that they were going to boost those shares to $20. That is the statement I wish to place on *Hansard,* and it can be verified by almost any stockbroker in the city of Toronto and by many in the city of Montreal.

Mr. McLEAN (Melfort): There is nothing in the report about it.

Mr. WALSH: It is all there, if my hon. friend will take time to read the evidence. The remainder of the shares, treasury shares, totalled some 58,000, and these were to be paid for by these gentlemen; that is, they were to put cash into the treasury for 58,000 shares. That does not mean that they themselves were going to put in the cash. They intended to sell those 58,000 treasury shares and put that cash into the company. Then, by selling those shares, they would gradually create a market for their 191,000 shares, and that would be their profit. I want to make this statement, and I make it knowing that I am doing so on the floor of this house—

Mr. DUNNING: What did the judge say about that?

Mr. WALSH: The judge did not comment on much of the evidence that was given; he left it to parliament and this government to draw their own conclusions. This debate is going on to-day, as it has gone on all week, because this government did not have enough courage to sift and analyse the report and place the blame where the blame really belonged, or to revamp the Department of National Defence into an effective, efficient department which would carry on the work it is intended to carry on to the best possible advantage both of this country and of the empire at large.

Mr. MARTIN: Why not make a charge against some member?

Mr. WALSH: I think I have issued enough charges already, and I am not charging anything for them; I am not a lawyer. This company was merely a promotion scheme. These men were creating an industry that did not exist. They were a group of promoters. If a group of us here wanted to manufacture Bren guns I would put up whatever money I could raise; four or five of us would put in our money and go into business, if we could get a contract. Is that not sensible? That is the way business should be conducted; that is the way ordinary business is conducted. What did this company do? They turned around and issued treasury shares; they issued shares to the promoters and then, in order to hide it all away—and perhaps the hon. member for Melfort (Mr. McLean) can laugh this off—they created another company, Investment Reserves Limited, in which the 191,662 shares were placed to the credit of these men, as follows: J. E. Hahn, 107,964 shares; Cameron & Company, 39,256 shares; Herbert Plaxton, 19,628 shares, and Gordon Plaxton, 9,814 shares, a total of 176,662 shares credited to these individuals in Investment Reserves Limited.

Mr. McLEAN (Melfort): What did the judge say about that? He was charged with investigating the issuing of shares.

Mr. WALSH: I would ask the hon. member for Melfort to go down and read the evidence. It is all downstairs. This report contains only the briefest reference to the evidence, which fills thirty or forty volumes.

Mr. McLEAN (Melfort): On a point of order, the hon. member who is addressing the house referred to me—

Mr. WALSH: Mr. Speaker—

Mr. DEPUTY SPEAKER: The hon. gentleman is raising a point of order.

Mr. McLEAN (Melfort): The hon. gentleman has referred to me and has asked what I have to say about that statement. My thought is that I would like to know what was said by the commissioner who was charged with the investigation—

Some hon. MEMBERS: Order.

Mr. WALSH: I have referred the hon. gentleman to the evidence, and this is all in the evidence.

Mr. McLEAN (Melfort): My point of order—

Some hon. MEMBERS: Order.

Mr. McLEAN (Melfort): I find that the commissioner was charged to inquire fully—

Some hon. MEMBERS: Order.

Mr. DEPUTY SPEAKER: I would ask the hon. member for Melfort (Mr. McLean) to state his point of order briefly.

Mr. McLEAN (Melfort): Yes, sir. The commissioner was authorized "to inquire fully into the preliminary discussions and negotiations leading up to and the completion of the said contract"—

Some hon. MEMBERS: Order.

Mr. DEPUTY SPEAKER: Order. In my opinion that is not a point of order.

Mr. McLEAN (Melfort): I will demonstrate the point of order to the house if you will permit me to quote ten more words.

Some hon. MEMBERS: Order.

Mr. WALSH: I have accounted for over 176,000 of the 191,000 shares, leaving 15,000 to be accounted for. They are being held in reserve by Investment Reserves Limited for the people whom I have named and will be distributed, according to the provisions of the contract, as soon as the 58,333 shares have been paid for.

That is what I want to impress upon this government. It is not the 7·76 per cent they are going to make on operation; it is the scheme of these promoters to extract from the public of Canada a sum of well over a million dollars, which they propose to divide among themselves. There is no gainsaying that; there can be no contradiction on that point. I defy any member on the government side to point to anything wrong in that statement.

Mr. MACKENZIE (Vancouver): Mr. Speaker, I say it is absolutely impossible.

Mr. WALSH: The Minister of National Defence (Mr. Mackenzie) is convicted by the evidence that was given before the commission by an accountant appointed by the commission itself. The evidence is clear; we do not need anything more than we have there. If this had been a straightforward transaction there would have been one incorporation, that of John Inglis Company Limited, capitalized at $250,000, and the money would have been subscribed by the promoters or others interested in investing their money. That would have been the end of it. But instead of that they proceeded to manipulate the stock of this company, issuing a large block of shares to themselves—watered stock, bear in mind—which they were going to distribute when the market became available for such distribution, as it would after the sale of the treasury stock. That is the point I was trying to make, and the one which I hope I have made abundantly clear to every hon. member.

Mr. DUNNING: Where did the judge say that? At what page is it to be found?

Mr. WALSH: It is in the evidence downstairs.

Mr. MANION: There are four thousand pages of evidence; the commissioner could not put it all in the report.

Mr. WALSH: There is another point I should like to impress upon the government. Referring to page 51 of the report I find this:

> What is plain to me at the end of this long inquiry is this: That if the policy of private manufacture of war munitions and armaments is to be continued in this country (a question of administrative policy for the government and parliament to determine)—

Apparently the commissioner was thoroughly persuaded that as yet no policy has been determined by the government.

Mr. DUNNING: Where does he say that?

Mr. WALSH: The conclusion is here. He says, "A question of administrative policy for the government and parliament to determine."

Mr. DUNNING: Yes.

Mr. WALSH: Apparently nothing has been shown to satisfy him that it has been determined.

Some hon. MEMBERS: Oh, oh.

Mr. WALSH: I should like to hear a statement from hon. members opposite as to whether the government intends to pursue a policy of private manufacture of armaments, or one of public manufacture, or a policy which embraces both. I should like to hear it, and so would the electors of Canada. I think we have a right to a clear statement on a matter of that kind.

Mr. ROWE: (Dufferin-Simcoe): Silence again.

Mr. WALSH: The government say there is no want of confidence in the report of the commissioner. Surely if anyone reads the report intelligently he will see on almost every page an expression of want of confidence. I read again from page 51:

> . . . the negotiations leading up to and the making of contracts between the government and private manufacturers either for the purchase or production of such munitions or armaments should be put into the hands of an expert advisory group of competent business men. . . .

What more do you want than that in the way of condemnation of a government? Does the commissioner recommend that the Department of National Defence should continue as they have been in the past? Did he find this Bren gun contract so satisfactory that he raised his hand and pronounced a blessing upon the Minister of National Defence (Mr. Mackenzie) and the government, to which he belongs? He did nothing of the kind. He was not called upon to do that; neither was he called upon to condemn. But in these words he draws attention to the inefficiency and incompetency of the Department of National Defence and suggests that a new system should be followed.

It will be noted that the new board the appointment of which he suggests is to report not to the Minister of National Defence but to the Minister of Finance (Mr. Dunning) or the Prime Minister (Mr. Mackenzie King). Could there be any more thorough condemnation of the actions of the Minister of National Defence and his associates than is to be found in that paragraph? And I could read other paragraphs from the report which speak in the same way.

In closing may I emphasize this point: I have pointed out that this was a promotion scheme. I have set out the weaknesses of the arguments—in fact, the lack of arguments—of hon. members opposite. I have pointed out that indirectly the commissioner condemns what has been done by the Department of National Defence, and I feel that if my conscience is to dictate my action I must ask the Prime Minister to remove from office, as he would have been removed if he had held office in England, the Minister of National Defence.

An hon. MEMBER: Why?

Mr. WALSH: On account of inefficiency and incompetency in the administration of his department. I say that with the utmost consciousness of my position.

Mr. DEPUTY SPEAKER: Order.

Mr. WALSH: I have every confidence that the Minister of National Defence—

Mr. DEPUTY SPEAKER: Order. The hon. member has exhausted his time.

Mr. MACKENZIE (Vancouver): Let him go ahead.

Mr. W. P. MULOCK (York North): Mr. Speaker, I have been keenly interested in the debate on the Bren machine gun in which hon. members from both sides of the house have taken part. May I in the first place congratulate the hon. member for St. John-Albert (Mr. McAvity) upon the very excellent, clear and lucid statement of facts which set at naught in a businesslike way many of the attacks made by hon. members opposite. As he has dealt with arguments of hon. members opposite in a definite manner I shall deal with an aspect of the contract which so far as I know has not been mentioned in the house.

As yet no credit has been given to the Minister of National Defence (Mr. Mackenzie) for using his judgment in picking the Bren machine gun. I find considerable criticism of the contract by hon. members opposite, and may I say in passing that I believe they would have been fairer if they had mentioned that the minister had picked probably the finest machine gun in the world, and one which has been adopted by the British army. We find this at page 4 of the report:

> What is known as the Bren gun is a light machine gun, a weapon invented and patented in Czecho-Slovakia. The information given the commission was that the weapon which eventually became the Bren gun was demonstrated to the British government in 1930. It was then known as ZB 26. It was introduced by the Czecho-Slovakian firm and was brought to the attention of the British and was tried out in England. There were several details in the gun which had to be modified to conform to British conditions. Between 1930 and 1935 the gun was modified and changed and eventually became the Bren gun in its present form, and during that period it was subjected to very severe tests in England the result of which was that it was considered satisfactory and suitable for the purposes of light automatics better than anything else available.
>
> The suitability of the said machine gun and the urgency of its purchase or production for the use of the defence forces of Canada was common ground with all parties represented before the commission.

In view of that statement in the report it is hard to understand how hon. members opposite could endorse the suggestion that the Inglis plant should be closed down for months, when they are engaged in the manufacture of machine guns for the British and Canadian governments.

After the contract was signed attacks were made through *Maclean's* magazine, and by Colonel George Drew, speaking throughout the country. As a result of those attacks a royal commission was finally asked for. The request for the commission was promptly acceded to by the Prime Minister—probably a lot more quickly than some of the critics had hoped. What do we find? The powers given to the commissioner were wide; there was no attempt by the Prime Minister or the government to restrict the course of the inquiry. On the contrary they welcomed a full investigation. One of the terms of reference stated the commissioner was to report as speedily as possible to the governor in council the result of his investigation, together with the evidence taken before him, and any opinion he might see fit to express thereon. I believe hon. members of the opposition must agree that the Prime Minister and the government took the right attitude in granting a commission, and gave ample powers to the commissioner appointed.

Was the commissioner satisfactory? One of our most respected judges, the Hon. Henry Hague Davis of the Supreme Court of Canada, was named commissioner. I do not believe hon. members opposite can find any fault with his appointment. He was called to the bench by a former administration, and I do not think hon. members can claim that during the hearing of the evidence there was any tendency towards protecting the Minister of National Defence. All members must be satisfied in that respect.

Let me say this to hon. members. When they criticize the Minister of National Defence they should take into account the conditions existing in the world at this time and the condition in which the minister found the department when this government assumed office in 1935. So that hon. members of this house and the people of this country may know of some of the troubles with which the minister had to contend in his efforts to protect this country from attack, I think there should be put on record the condition of the Department of National Defence when the previous government left office. The minister is in his seat and I ask him to correct me if I am inaccurate in any statement I make in regard to the efficiency or lack of efficiency of the defence services of this country.

I shall deal first with the naval service. Barracks, dock yards and shore equipment

were antiquated and inadequate. The naval magazine at Esquimalt had been condemned as far back as 1905.

In the militia service there was not a single anti-aircraft gun, although four had been ordered the year before by the previous government. In field gun ammunition the stock was less than ninety minutes' firing for guns inherited from 1918, less than half the "equipment ammunition" supposed to travel with the guns. There were no reserves. The field artillery was unsuited for mechanical traction and was outranged by from 3,000 to 6,000 yards. The coast defence armaments were obsolescent and defective. Firing practices had been curtailed, these instructions having been given in order to save the guns. The gunners were not receiving proper training. In the mechanical transport there were only a few tractors for permanent force batteries. There were no tanks or armoured cars, and no tractors for heavy guns or non-permanent field batteries. In connection with anti-gas defence there were not sufficient gas masks for the permanent force, and there were none for mobilization. No steps had been taken to provide other forms of anti-gas defence. There were no manufacturing facilities in Canada for the production of rifles, machine guns or artillery. The dominion arsenal was equipped only to manufacture rifle ammunition and a limited amount of field ammunition.

The reorganization of the militia had been recommended in 1932 and approved by the government, but no steps had been taken in the matter. Militia training had been so much restricted that many officers had had no experience in commanding troops on manoeuvres, nor had they had the opportunity to acquire the power of leadership by actual practice. The training of officers and non-commissioned officers in administrative duties had been neglected, and the majority of men in the ranks had had little or no experience in handling rifles. The training efficiency was approximately 17 per cent.

We come now to the air service. There were only twenty-three aircraft of service type, all obsolescent. None are suitable for active service to-day and are useful only for training. There were no air bombs available in Canada for immediate use. There were no aero engines, and the development of an industry would take two years. No steps had been taken in connection with industrial mobilization to survey the country's industrial resources for national defence.

During the Brandon by-election the government was charged with being a "do-nothing government." Now certain hon. members are criticizing this government and the Minister of National Defence for doing something. May I point out that in 1930-31 the combined votes for the three defence services of this country amounted to $22,163,500, and in 1933-34 they had been reduced to $13,002,484. The vote for air services was reduced from $7,475,700 to $1,697,000 in the same period. These are some of the things with which the Minister of National Defence had to deal. I think everyone will agree that he had a lot of trouble on his hands when he took over the department, which to say the least was not in the best of condition.

In making this contract he had the advice of loyal and experienced men. I assume they were loyal and experienced as many of them had been appointed under former administrations. I think he had a right to rely on the advice of the interdepartmental committee. If you condemn the Minister of National Defence, at the same time you must condemn the interdepartmental committee.

Mr. HOMUTH: Oh, no; he did not take their advice.

Mr. MACKENZIE (Vancouver): The hon. member is entirely incorrect. That statement is absolutely untruthful.

Mr. MULOCK: Since this debate started there has been an attempt, not only in this house but outside, to create a more or less political villain. Unfortunately the person through whom the government was to be attacked is the Minister of National Defence. In times like these I think criticism might well be tempered with a realization of the conditions prevailing throughout the world and the fact that all democracies are now threatened with demands by totalitarian states. It seems to me to be a sad reflection on our democratic system to see dictatorships going ahead with their arming while we in this House of Commons are arguing over where we are going to get some guns. Surely there can be no doubt in the minds of the people of the danger that threatens this country, the British empire, and all the democracies. We all hope and pray that we shall never see again the condition that existed during the last war. We all hope and pray that this country will never be plunged into another war, but at the same time I do not think that the democratic peoples of the world are prepared to bow the knee to the dictatorships, whether they be nazi or communist.

We are hearing every day of the great preparations being made by the war machines of the world. May I say to hon. members that Germany can lose a war and recover, but

the British empire can lose only one war. Then the empire would be split up. I think we would be much better occupied in this House of Commons in trying to expedite the preparations to defend ourselves from attack than in stirring up these bickerings over what form of contract there should be for the supplying of machine guns.

Mr. JAQUES: Where is the money to come from?

Mr. MULOCK: It will come from the wealth of this country, not from paper money backed up with I.O.U's.

May I say in conclusion that in view of the attacks made and the innunendoes cast, this matter should be referred to the public accounts committee with the idea of making clear to the people of this country that this contract is in the interests of the Canadian people and of national defence. I sympathize with the hon. minister that in these trying times, when Canada and the empire have been faced with war—and it has been nearer than many have realized—he should have been faced with an investigation and have had all these attacks made upon him. I intend, Mr. Speaker, to suport the resolution to refer this matter to the public accounts committee.

Mr. A. MacG. YOUNG (Saskatoon): Mr. Speaker, as this is the first time that I have spoken in the house this year I should like to congratulate my hon. friend the leader of the opposition (Mr. Manion) upon being elected the leader of his party. He and I are of the same profession. I have known him for a considerable length of time, and have always found him most genial. I trust that in his present position he will retain his usual genial nature which he has preserved for so long a time and that, indeed, he may retain the seat and the office he now holds for an equal length of time.

I have been very much interested, as have all hon. members, in the discussion which has been taking place in the house during the last week. I was interested in the article appearing in *Maclean's* magazine, written by Colonel George Drew. An advance copy of the article had been sent to me, I assume because it was thought I did not read the magazine at all, and the first impression I gained was that apparently the magazine itself was anxious to have some such propaganda to increase its circulation. The second thing which struck me was that there must have been some necessity compelling Colonel Drew to write the article, and later on it developed that there was. There was an island over there upon which stood the Conservative citadel. He wanted to get into that citadel, and his article was the approach, what might be called the Drew bridge, over which he hoped to reach the citadel. Later on he was elected leader of the Conservative patry in Ontario, and so far as I am concerned it will always be my belief that this article was written in order that he might get the publicity he required to place him in that position.

When I first read the article I was inclined to approach it, as I do a great many other matters, in a critical attitude. I never believe in accepting anything from any source without first investigating for myself whether or not the contract is a good one.

Perhaps I might explain to the house why I was more critical in this matter than usual. I remembered that we had a war before. I remember the contracts that were given in that last war. I remember the horse contracts; I remember the boot contracts; I remember the shovel contracts; I remember the bacon contracts; I remember the potato contracts; I remember the munitions contracts; I remember that all these contracts were given to people in Canada without any proper supervision, and that enormous profits were made out of these contracts, and I declared then, and I have declared ever since, that it should be absolutely understood in connection with any more war or munitions contracts to be placed by this country every possible safeguard against undue profits must be taken.

What happened later, after those contracts had been given?—and I would like to remind my hon. friends opposite of this. After all those vultures had gathered together their profits from those contracts the government of that day, not content with that, and when everybody else in the dominion was getting poorer and poorer every day, gave to these people who had made such tremendous profits out of munitions contracts of one kind or another, the opportunity to buy tax-free bonds, so that the country was not able to get back any of the money which these people had taken. It is little wonder therefore, Mr. Speaker, after the experience we have already had with war contracts, that we should be critical of any contract for munitions or war supplies given by any government at this particular time.

There has been some criticism made of the Prime Minister (Mr. Mackenzie King) for his appointment of the judge as commissioner, and who that judge was. Let me say this, that the Prime Minister was not fearful of

appointing a judge whom he himself and his government had previously appointed. Not that at all, but I say to you, Mr. Speaker, and to every hon. member, that had a judge who had been appointed by the Prime Minister been chosen to head the commission investigating the Bren gun contract, the very first thing we should have heard from this country would have been that a commissioner had been appointed who had previously been appointed by the Prime Minister himself. Is there any hon. member who doubts that?

Let me give the house my experience before even the judge was named. I heard in the constituency in which I live, and I heard of it in other constituencies, that in all probability a judge of that kind would be appointed who would do the bidding of the Prime Minister and of the government. Let me go further and say that after the present judge was appointed the commissioner—and he is a judge with as fine a record and character as can be found in this country—before they knew his political persuasion, some people were saying: Well, this man having been appointed by the present Prime Minister you can be prepared for a report of the kind that the present government would like. When I pointed out to them that the circumstances did not happen to be as they thought, that the commissioner had not been appointed a judge by the present government, they were confounded. But if someone else had been appointed you would have heard the same kind of talk from coast to coast, just as surely as we are sitting here debating this matter to-day.

To touch on one or two points that have come up in this debate, criticism has been made of the reply that was given by the minister to a question asked by the hon. member for Winnipeg North Centre (Mr. Woodsworth). The question asked at that time was answered correctly. It was answered, as the hon. member for Greenwood (Mr. Massey) said, "poisonously accurately." I wonder what kind of answer hon. members expect. Do they expect correct answers to questions asked? I would say this to any hon. member who criticizes that answer, that perhaps they are suggesting that the government should anticipate that hon. gentlemen do not ask the questions which they really desire to ask and that they should be given answers sought in spite of their own stupidity; in other words, that they were not sufficiently capable of putting the questions which they wished to ask. Surely no hon. member would criticize the minister or anyone else for giving a correct answer to the question which was asked.

[Mr. Young.]

There has also been criticism of the letter which the minister gave to Major Hahn, and which is referred to on page 17 of the commissioner's report. It is dated October 19, 1936, and reads:

> Dear Mr. Massey:
>
> The bearer of this letter, Major J. E. Hahn, D.S.O., M.C., is in England to investigate the manufacture of all classes of munitions and armaments.

Again I ask, is there any hon. member in this chamber; is there any person in this country who would take even the slightest exception to a letter of that kind? I am informed that many others have had similar letters on many occasions. If any hon. member takes exception to that, let him now rise in his place or for ever after hold his peace. Yet the Minister of National Defence (Mr. Mackenzie) is criticized for giving that letter. Mr. Speaker, there is no answer.

Mr. WALSH: Why does the hon. member not present some arguments in connection with the contract?

Mr. YOUNG: I listened very carefully this afternoon when the hon. member spoke, trying to find whether he had any arguments, and I found he had none.

Mr. WALSH: I should not expect certain hon. members on the other side to find anything.

Mr. YOUNG: All we have heard during this debate from the other side has been just what Colonel Drew offered: accusations and insinuations. They have never yet taken that contract, analysed it and said, this is wrong, or that is wrong, or some one has got some graft here or there. My hon. friend who just interrupted me pointed out where he thought there was some stock manipulation.

Mr. WALSH: The hon. member knows about it too.

Mr. YOUNG: I know nothing whatever about it.

Mr. WALSH: Well, the hon. member should look into it and then deal with that subject.

Mr. YOUNG: I leave it to my hon. friend to say whether or not he has. I know nothing about stock manipulation; but I say that even if the situation were as he tried to make it appear this afternoon, not a solitary dollar more would be charged against the government. It could not be. I am not concerned whether that plant cost $1,000, or $100,000, or $1,000,000.

Mr. WALSH: The hon. member should be.

Mr. YOUNG: That remark shows me that the hon. member does not understand the contract, knows nothing about it. Whether the plant cost $1,000,000 or $100,000,000 cannot add one cent to the cost of the guns, because there is a stated specific cost per foot for the factory space used in the production of the Bren machine gun, and that amount of space occupied will be under the control of the Department of National Defence. It cannot possibly add one dollar to the cost, no matter what suggestions my hon. friends may try to put forth for the people of this country. If there was any stock manipulation—of which I know nothing—that is not going to cost the people of this country anything.

Mr. WALSH: Read the evidence.

Mr. YOUNG: My hon. friend unfortunately has not read the evidence—

Mr. WALSH: Yes, I have.

Mr. YOUNG: —and if he had he would not be able to interpret it properly. I have been in this house for some time, but during this debate I have seen the most astounding exhibition that I have ever seen since I have been a member of this house.

Mr. WALSH: Mr. Speaker, I rise to a point of order. I wish to have certain words spoken by the hon. member deleted from the record.

Mr. McLEAN (Melfort): Keep on wishing.

Mr. WALSH: The hon. member stated that I would be incapable of understanding what I read.

An hon. MEMBER: That is a well known fact; it does not require any proof.

Mr. HOWE: Let the hon. member state his experience in stock transactions.

Mr. SPEAKER: I do not think the point raised by the hon. member is a point of order.

Mr. WALSH: Well, I do, Mr. Speaker. I am sorry if there are so many hon. gentlemen who do not seem to understand anything.

Mr. YOUNG: I have seen in this house in the last few days a most astounding spectacle. I have been here for a number of years, and there are certain principles and practices and rules of procedure that are observed. Whenever anything comes up that hon. members want fully investigated and all facts brought out, what do we do? We appoint a committee and refer the matter to it in order that all the facts and relevant information may be disclosed. My hon. friends try to suggest that the evidence is in the report of the commission. Certainly there is some evidence there, but there are so many things not before the commission, as exemplified in this debate, that the only way to get them is to send this report to the committee. But what have my hon. friends done? They have done everything they possibly can, within and without the rules, to prevent this from going to the committee. Why? Because they know that at this time the Bren gun is being made, in spite of what they are saying, and the last thing in the world hon. members want to know is the whole of the facts in regard to this contract. Why? The other day the hon. member for Vancouver North (Mr. MacNeil) made a motion, which the government accepted, and what was the result? Yesterday, Mr. Speaker, my hon. friends voted against your ruling that their amendment was out of order. If the challenge to your ruling had been successful, what would have happened? The logical conclusion is that if the amendment moved by the leader of the opposition (Mr. Manion) had carried they would have destroyed the very motion that they themselves wanted passed.

Let us be honest; let us be sincere; let us face facts as we should face them. If hon. members really believe that this is a bad contract, let it go to the committee where all the facts can be brought out and later brought before the house and before all the people of this country, and let the contract be judged on its merits. But apparently that is not what hon. members opposite want. They want to make it appear that this commission arrived at no full and final conclusion with regard to the contract. Did the commissioner say that there was anything wrong with the contract? Nothing wrong whatever. Have any hon. members opposite who have spoken found anything wrong with the contract? Nothing whatever. Did the commissioner find any evidence of graft or corruption anywhere?

Mr. WALSH: There was no charge of graft or corruption.

Mr. YOUNG: That is the trouble, there is no charge about anything, nothing but accusations and insinuations. The hon. member for Hamilton West (Mr. Marsh) said that we had to whitewash the government. What did he mean? Did he mean that there has been so much mud-slinging in the last few days that a little whitewash was needed? There has been nothing but accusations and insinuations; no evidence of any kind at any time that hon. members were trying to analyze the contract and find out whether it

is bad or good, or whether any hon. member in connection with the contract had not done his full duty. The people of this country will judge what the intent of the opposition really is. If the intent were to find out whether or not this was a good contract, what was the obvious thing to do? Every hon. member would be voting to send it to the committee in order that all the facts could be brought out and everyone would know them. But of course they do not want that. One or two hon. members went back to Toronto and then came here and said that others would have taken this contract. I think that is true. But how was the contract given to Major Hahn? As the hon. member for Parry Sound (Mr. Slaght) said last night, Major Hahn has a fine war record, a fine character, is an able executive. He went to the Department of National Defence and saw a gun standing there, mounted. He said, what is this? He looked at it and right there his genius was displayed, because he believed he could make that gun. So he asked the department to have it sent to Toronto where he might investigate it further.

Then he went to the old country; he wanted to have access there to see how the gun was made, and after having seen the gun made he concluded that he could make it in Canada. Then what did he do? He impressed the British government with his ability, a government that has been entering into contracts of this type for years and years, hundreds of years; he "sold himself" to the British government, and succeeded in getting a contract for 5,000 guns from them. Then what? Supposing there were some bad faith about it, would he then have asked for the loan of a man who had been doing this work in a British factory for the last thirty-eight years to take charge of a plant here and have first-hand supervision of the whole operation? That is not the action of a man who was trying to do a wrong thing by this country. There is every evidence that he went about the matter in the most business-like way in order that he might do, not only for this dominion, but for the British government, the finest piece of work a man could perform.

One serious thing about this discussion is this. In Canada, where there is a great deal of unemployment, we have under this contract the first opportunity of making some munitions for the British government, and the discussion that has taken place in this house will tend to discourage more of the same thing. This discussion will have a greater influence in that direction than anything else, and the Conservative party will be responsible. They have taken upon their own shoulders a load of responsibility which they will not be able to shake off.

I believe that we have here in Canada the brains, ability, material and machinery, to do a great deal of this manufacturing, and if the once great Conservative party, the present party being a mere remnant of its former self, had been assisting in the good work rather than trying to hinder it they would have shown themselves much better citizens than they have been demonstrated to be.

This is a serious time. A few years ago I would not have been found declaring in this house that we ought to be making munitions, because I thought then that the possiblity of war was entirely removed from the nations of the earth. But with thousands of others who think as I do I say that it is incumbent upon us to build up our national defences. Therefore, it is a sorry sight to see the great National Conservative party spoiling every chance we have in this country of improving our own condition. While I hope that there will never be any use for these implements of war, at the same time I sincerely hope that if war comes we shall not be found wanting as we were many years ago.

I should very much like to feel that in a matter of great importance to the country, such as this, we could have had, the Liberal government could have had, the full co-operation of all hon. members. It is most unfortunate, however, that we find hon. members opposite doing everything they can to frustrate any effort that is made. When this question went before the royal commission an exhaustive investigation was held. The commission sat for many weeks, and what was the verdict? It can be summed up in the last sentence or two of the report in which the commissioner says:

> I think it right to say that there is no evidence (nor is there in the evidence any ground for suspicion) that the minister or the deputy minister or any officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption.

In other words, the commissioner said, "I find no fault with this man," echoing the greatest words ever pronounced in the most solemn tribunal that ever sat in this world. And what do we find immediately afterwards? We find that the Tory rabble from coast to coast cries, "Crucify this man!" The leader of the opposition introduces a motion asking that we crucify the contract, and the second stage would be to "crucify the minister," notwithstanding that the commissioner has de-

clared that he finds no fault with him. The hon. member for Rosetown-Biggar (Mr. Coldwell) would have the minister crucified right now. I say, Mr. Speaker, that we are fortunate in having as Minister of National Defence the type of man who is at present the head of that department. I am in a position to say that last September, after getting out of a sick bed, I journeyed to Ottawa and called on my good friend the minister in his room at the hotel. My wife was with me. In the report the commissioner recommends a board, and hon. gentlemen opposite have tried to suggest that this reference is unfortunate so far as the Minister of National Defence is concerned. What did the Minister of National Defence say to me in his room in September? He said, "Doctor Young, if there is one thing I would detest more than anything else it is that in any contract with which I have anything to do there should be any undue profit from any source, and I think it would be a fine thing to have some board established to which all these contracts could be sent instead of having them dealt with by the minister." That was his suggestion last September, and there is nothing in the report that was not already suggested to me by the minister himself. Does that suggest that he himself wishes to control any part of munitions contracts in order that he might do something which might not be recognized as proper? I submit the evidence is that he absolutely desired the very thing which the commissioner reported and the government accepted.

Mr. STEWART: Will the hon. gentleman permit me a fair question? Will he give any reason why the minister did not make that suggestion to the commissioner?

Mr. MACKENZIE (Vancouver): I can tell my hon. friend the reason. My colleagues will bear me out that I placed the suggestion before them at the time, and discussed with the Prime Minister the possibility of making the suggestion to the commissioner, but I thought as a responsible minister of the crown it was not my place to make such a recommendation to a responsible commissioner.

Mr. YOUNG: My hon. friend opposite is paying me a compliment when he suggests that I could read what was in the minister's mind.

Mr. MANION: You read ours. I do not know why you could not read the minister's.

Mr. YOUNG: If there was any time in the history of our country when we should not have such a frivolous discussion as this, that time is now; and if hon. gentlemen are sincere in saying that they wish to know all about this contract, the proper thing for them to have done was to support the motion to have the matter go to the committee so that we would have known exactly what the situation was.

It is six o'clock, Mr. Speaker, and I move the adjournment of the debate.

Motion agreed to and debate adjourned.

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

Thursday, February 9, 1939

The house met at three o'clock.

RADIO BROADCASTING

REFUSAL OF BROADCASTING PRIVILEGE TO PUBLISHER OF TORONTO GLOBE AND MAIL

The order having been called for resuming the adjourned debate on the motion of Mr. MacNeil for reference to the public accounts committee of the agreement between the government and the John Inglis Company for the manufacture of Bren machine guns, and the amendment thereto of Mr. Stevens.

Mr. A. G. SLAGHT (Parry Sound): Mr. Speaker, before the house proceeds, I desire to submit a question to the Minister of Transport (Mr. Howe). I have given him notice, but I am sorry to say—

Mr. SPEAKER: The order of the day has been called, and we are proceeding with it. The hon. member cannot put a question unless he obtains the unanimous consent of the house.

Some hon. MEMBERS: Go on.

Mr. SLAGHT: With the permission of the house, the question is as follows, directed to the Minister of Transport: Has the minister taken any steps to bring to the attention of the Canadian Broadcasting Corporation the technical regulations of the corporation which resulted in the refusal of permission to Mr. George McCullagh to broadcast addresses over privately-owned networks, the manuscript of which addresses he had offered to submit in advance?

I regret I have not given longer notice to the minister. I informed him only a few moments ago of my intention to put the question.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, after the first broadcast I did call the attention of the general manager of the Canadian Broadcasting Corporation to the inconsistency of the ruling of the board as it worked out in actual practice. I also suggested that there had been a lack of notice, which had perhaps involved all parties to the broadcast in a rather untenable position. I suggested to the general manager that he should consult his board as to whether or not the new ruling was properly applied in the McCullagh case. The general manager did get in touch with his board, or with such of them as he could reach, and later advised me that the board had decided not to change its ruling in that instance.

BREN MACHINE GUN CONTRACT

CONTINUATION OF DEBATE ON MOTION FOR REFERENCE TO PUBLIC ACCOUNTS COMMITTEE

The house resumed from Wednesday, February 8, consideration of the motion of Mr. MacNeil:

That the agreement between the government and the John Inglis Company, of Toronto, for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement, and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts; and the amendment thereto of Mr. Stevens.

Mr. A. MacG. YOUNG (Saskatoon): Mr. Speaker, when the house rose at six o'clock last evening I was discussing the Bren gun contract and pointing out the very strange tactics of the opposition. I should like in the few minutes I have left to sum up the argument I was making.

The motion before the house is to refer to the public accounts committee the Bren gun contract and the report of the royal commission in regard thereto, so that it may be fully investigated, if further investigation be necessary. The Conservative party has very strenuously opposed the motion. Why, then, do they not accept the verdict of Mr. Justice Davis, the commissioner, who said that he could not find any evidence of wrongdoing on the part of the minister, his deputy, or any other official, or any member of the House of Commons or of the Senate? The commissioner went further and said—this is the limit to which any man could go—that there was not even a suspicion of any wrongdoing. This is the finest testimonial of character and high purpose which any man could receive.

As to form and substance of the contract the commissioner did say, "upon the whole evidence, that is a question for the government and parliament to pass upon." Let us accept that view. Then what should we do? What has always been the practice in this house when a particular matter had to be investigated? Send it to a committee, of course, where all the evidence given before the commission could be studied and, in this case, in addition the further evidence which is now available. From press reports which I read carefully I noted that the commissioner did not think it necessary to admit evidence to say how good the contract was. I most certainly have no criticism to offer on that account. His conception of his duty was to find out if there was any wrongdoing on the part of anyone, not to find out how good the contract was. He found there was no wrongdoing or suspicion of wrongdoing on the part of the minister, his officials or any member of the House of Commons or of the Senate.

There is much evidence to be submitted to show this contract to be an excellent contract, and this is the reason why the leader of the opposition and his party do not wish this whole matter to go before the committee. They know that after all the evidence is heard the public will brand their speeches in this house this week, filled as they were with insinuations and veiled accusations, as being of a type used by cheap Tammany ward politicians. If there is honesty of purpose in their actions they should all vote to send this to the committee where the whole facts can be reviewed and where witnesses will have the right and the opportunity to be heard. Their tactics will be condemned not only by this house but by the people of this country.

Many references have been made to the fact that there was no competitive bidding on the contract. What did government counsel propose doing before the commission about this? They wished to bring contractors from this country and the United States to prove that in a contract such as the Bren gun contract competitive bidding would be impossible of accomplishment. The witnesses were all present and ready to give evidence. After considering this proposal the commissioner decided against calling such witnesses, and so did Colonel Drew. The experience of Great Britain for over a hundred years demonstrates clearly that in such cases competitive bids are impossible.

In conclusion let me say to the leader of the opposition and to his party: In the interests of this country, stop this petty quibbling, these unwarranted insinuations. After all, the Conservative party in the past has had a noble tradition. The hon.

gentleman is a new leader; let me suggest to him that he start on a high plane, and not in cheap ward politics. His party is really worthy of a better effort than is now being displayed.

Mr. MANION: Mr. Speaker, I rise to a point of order. I let the hon. gentleman get away with it when he said that our charges were like cheap Tammany ward politics, but he has just repeated that about myself and I demand that he withdraw his remarks.

Mr. SPEAKER: I do not think the rules would declare that remark offensive or unparliamentary.

Mr. MANION: The hon. gentleman applied the words directly to me. I let him get away with it once but I do not think he should be permitted to do it the second time.

Mr. SPEAKER: I did not understand him to apply them especially to the hon. member, but rather to the whole party.

Mr. MANION: His first application was to the whole party. I do not quite get the point that it is more offensive if applied to me personally. At any rate, this time he has applied it to me personally. However, if that is satisfactory to the hon. gentleman he is quite welcome to use it.

Mr. YOUNG: I would suggest to the leader of the opposition that I am thinking of him as a leader of a party. I stated my conception of the whole argument advanced by the Conservative party during this week, and I believe I will be upheld not only by the members of this house but by the people of the country.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, this debate is certainly the strangest that has taken place since I came into this house, and I believe it is one of the strangest on record. A magazine article appeared which caused a good deal of comment. The article confined itself to vague insinuations; it made no charge of wrongdoing. However, the government felt that since the matter had been brought before the public, the public were entitled to the fullest possible explanation of the situation behind the article. As a result a justice of the Supreme Court of Canada conducted an investigation which lasted for a number of weeks. Throughout that investigation no charges of wrongdoing were made. The judge submitted his report, and in it he said that there was no wrongdoing on the part of the minister, the deputy minister or any official of the department or any other person. Nevertheless, the report having been submitted, we have had hon. gentlemen opposite discussing this matter for several days. Here again each member who gets up is careful to say that he makes no charge of wrongdoing. We have heard from the opposition only vague charges of inefficiency in dealing with this contract, and a blackguarding of the Minister of National Defence (Mr. Mackenzie). It is with the charge of inefficiency in connection with this contract that I wish to deal.

I may say, and I think all hon. gentlemen will agree with me, that the purchase of arms and munitions has always been a difficult matter for a government to deal with, and the situation is far more difficult in peace time than it is in war time. In time of war, a volume of munitions can be contracted for which will warrant the setting up of the particular equipment and organization required for the production. Most of the buying for my own department, and I imagine the same thing applies to other departments of government, is a comparatively simple matter because generally the articles being purchased are in ordinary commercial use and are such as can be secured from the general stock of the manufacturer. But no one stocks arms and munitions of warfare of the type useful in the situation that confronts us at present. The result is that it is necessary to make special arrangements for the manufacture of these articles.

I have had some experience with this type of purchasing. Like the hon. member for Greenwood (Mr. Massey) I received a training as an engineer, but unlike the hon. member for Greenwood I practised my profession for many years. I practised it in a highly specialized field and in that practice I had to purchase equipment which was not of standard manufacture, but which had to be designed in my own draughting room and constructed in the factories of Canada. It so happens that a large portion of that equipment was manufactured in the particular plant under discussion, the plant of the John Inglis Company of Toronto. We have heard it referred to as a broken down plant, but I know it as one of the best equipped of the boiler plants and machine shops in the Dominion of Canada. In my practice it was one of three plants in Canada which was capable of turning out a large order of mechanical equipment for a grain elevator. In my practice it has supplied equipment of that type worth several hundreds of thousands of dollars. I took enough interest in the matter a short time ago to visit this so-called decrepit and broken-down plant, because I wished to confirm my opinion that it was still capable of efficient production. To my surprise I found

that the Bren gun was not being made in the Inglis plant as I knew it. That plant was being used for the purposes for which it had always been used, the normal production of boilers and special types of mechanical equipment. But I found that a new plant had been built as an addition to the Inglis plant, and that this addition was of most modern factory construction, of concrete, and with the best of ventilating and lighting systems, and I learned that the Bren machine gun was to be manufactured in that new portion of the plant. I found that that plant was being filled with the special machinery required to carry out the Bren gun contract, with the most modern lay-out that could be used for that type of production. This, then, was the broken-down plant that has been referred to so frequently by hon. gentlemen opposite in this debate.

Hon. gentlemen opposite take the view that they were able to handle their purchases of munitions without any difficulty whatever, but I think we have only to look at the appropriations of the various years to find why that was the case. Going back ten years we find that the defence appropriation in 1929 and succeeding years was as follows: in 1929, $20,000,000; 1930, $22,100,000; 1931, $18,900,000; 1932, $15,000,000;1933, $13,000,000—I imagine the purchasing problem in that year was confined to buying postage stamps; in 1934, $13,3000,000; 1935, $17,000,000; 1936, $25,500,000; 1937, $35,500,000; 1938, $35,500,000.

There is one thing that I wish to call to the attention of the house, and that is that at this moment all of us are defence-minded. We have all seen the threat of war come almost to the boiling point and then cool down, and we have all felt very thankful that something was being done to provide an adequate defence for this country. I just wish to remind hon. members that it was the present Minister of National Defence who started the machinery which is bringing Canada into a position in which she can defend herself against attack.

Now let us examine the particular transaction under consideration from the point of view of lack of efficiency. In 1933 Lieutenant Jolley was sent to England to investigate the small arms situation. In August, 1935, he visited the Enfield plant in England, which was just then beginning to set up for the manufacture of the Bren gun. In July, 1936, Lieutenant Jolley returned to Canada and reported to his department that the Bren gun was a distinct advance on other types of machine guns and would be the type required in Canada for defence purposes.

Some two months later, two machine guns were received in Canada from Czechoslovakia, sent out for inspection, I presume, by arrangement of the Department of National Defence officials acting on the report of Lieutenant Jolley. There was nothing secret about those guns. As I say, they came, not from England, but from Czechoslovakia. England at that time had not completed the equipment of her factory and had not produced a Bren gun. These Bren guns were set up for the inspection of the defence department. Major Hahn came to Ottawa about that time looking for business for his plant, as hundreds of others were coming to every department of the government looking for business for their plants. Major Hahn saw the gun in General LaFleche's office and immediately was interested in it; for he thought that that was a type of arms which his plant was equipped to manufacture.

Mr. CAHAN: Equipped at that time?

Mr. HOWE: I said he thought it was equipped—he was interested in it at that time.

Mr. CAHAN: I have a higher opinion of him than to think he had any such idea.

Mr. HOWE: It was explained to Major Hahn at that time that the department had no plans for procuring this gun, that they had simply brought it out for inspection. However, Major Hahn decided that he would put himself in a position to manufacture the gun, when the time came, by the ordinary methods used by any manufacturer; that is, he determined that when the time came he would know more about the process of manufacture of that particular gun than any competitor in his field.

Mr. HOMUTH: May I ask the minister how Major Hahn knew that that opportunity was going to come?

Some hon. MEMBERS: Sit down.

Mr. HOMUTH: I won't sit down.

Mr. HOWE: What is the question? Mr. Speaker, I object to interruptions from this bird of passage.

Mr. MANION: I rise to a point of order, Mr. Speaker. The minister has described an hon. member as a bird of passage. The hon. member who just sat down (Mr. Young) described me as a cheap Tammany Hall politician, and the hon. member (Mr. Howe) talked of our blackguarding the Minister of National Defence. All these expressions, I submit, are unparliamentary and I object to their being used of any members of this party. If that type of rough language is going to be used, we can use it too. I ask, Mr.

Speaker, for a retraction of that disrespectful remark, a bird of passage, made by the minister and applied to an hon. member of this house.

Mr. HOWE: I withdraw the remark, Mr. Speaker.

Mr. LAPOINTE (Quebec East): And the leader of the opposition should withdraw the threat he has just made. He has no right to threaten the house.

Mr. MANION: Better be a little more careful, then, of your language. We can use the same kind of language too.

Mr. LAPOINTE (Quebec East): Too much heat.

Mr. MANION: Not much light from my hon. friend.

Mr. LAPOINTE (Quebec East): Nor from you either.

Mr. HOWE: Major Hahn proceeded with the thought in mind that he would put himself in a position to manufacture the Bren gun, and he proceeded to England to learn as much as he could of its manufacture. He had a letter of introduction, and we have been told that that letter of introduction was patronage. Now I once gave a letter of introduction. It was addressed to an acquaintance of mine holding an official position in England. The man to whom I gave it was interested in obtaining an order for aeroplanes. When he returned to Canada he told me that my letter had been most helpful; and I assume that on that ground I am charged with patronage. The letter I gave was given to a gentleman who happened to be, in 1930, the dominion treasurer of the Conservative party. That is how much "patronage" there is in that type of letter. I believe that any member of the government would be glad to give a letter to any man visiting England for a purpose which is beneficial to the Dominion of Canada.

Mr. MANION: And make him a representative of the government, as the Prime Minister did?

Mr. SPEAKER: Order.

Mr. THOMPSON: And pay his expenses?

Mr. HOWE: That is not so, as my hon. friend knows. In March of 1938 the government was in a position to order Bren guns: in other words, it had reached a stage in its armament plans where it could afford to spend the money necessary to purchase this equipment. When the time came, Major Hahn was in exactly the position in which, in 1936, he had started out to place himself. He knew the type of equipment required for the manufacture of Bren guns. He had so strongly impressed himself on the British government that he had a contingent order from Britain for an additional 5,000 guns, and he came before the Department of National Defence in a position in which no other Canadian manufacturer could possibly place himself. It is strange to be told that so many plants could manufacture this gun, when there is no information that any rival manufacturer had taken the slightest interest in this branch of manufacturing in the time intervening.

Mr. STEWART: None of them knew anything about it.

Mr. HOWE: We are told that there were any number of plants in Canada which could have manufactured this gun; that is, they could have just taken it in as a matter of routine.

Mr. STIRLING: Oh, no.

Mr. HOWE: That statement, of course, is absolutely ridiculous.

Mr. STIRLING: That is not being suggested.

Mr. SPEAKER: Order.

Mr. HOWE: I venture to say that, if any other manufacturer had been approached to manufacture the Bren gun, his first questions would have been, what do I have to do? What kind of equipment is required? What kind of lay-out do I need? Do I have to build a new factory? What is this all about? Major Hahn knew the answers to those questions, and as a result he got the order.

A contract was drawn up to cover this work. Obviously the work had to be on a cost plus basis. No factory in Canada would have been able to tender on any other basis, because the production costs of that piece of equipment could not possibly be known to any manufacturer. A price might have been obtained, but certainly it would have been made high enough to amortize all the equipment required and to ensure the manufacturer against all the hazards of this new type of production.

As I have said, a contract was drawn up. Mr. Justice Davis tells us his findings as to that contract. He says:

> The contract is not for a fixed sum; it is on a cost plus basis. It is admitted that we do not know how much the guns are going to cost. There are, of course, adequate powers of inspection, supervision and control vested in the department under the contract and with the estimates from Enfield of what the guns there are costing it should be possible to keep actual cost here well within bounds. No substantial

objection can be taken in my view to the provisions of the Canadian contract, though in the absence of any competitive bids or terms of manufacture I am unable to pass upon the substance as distinct from the form of the contract.

Mr. Justice Davis said he could find no objection to the terms of the contract.

Mr. ROSS (St. Paul's): Oh, no—the form of the contract.

Mr. HOWE: The hon. member for Kootenay East (Mr. Stevens) finds a great many objections to the form, but I must say that I have studied it and having some professional knowledge of contracts, I take the view of Mr. Justice Davis.

Mr. STEVENS: Will the minister permit me? I objected not to the form of the contract but to the substance of it.

Mr. HOWE: Well, I really do not know how the hon member distingushed substance from form.

Mr. STEVENS: They are entirely different.

Mr. CASSELMAN: The commissioner did.

Mr. HOWE: I should be interested if someone would pick out the substance and separate it from the form.

It has been taken for granted in this house that the contractor will receive as a result of his work a profit of about 7·6 per cent on his cost. I am not prepared to admit even that, because I notice a clause in the contract having to do with rejects. The contract provides that unless the number of rejects can be kept down to that of other plants in efficient operation, the cost of those rejects can be charged up to the contractor, and, in fact, his whole plant taken over and the contract completed by others. It seems to me that is a hazard, and a very serious hazard, to those who hold this contract, and one that might very easily call for insurance in the margin of profit allowed.

Having had some experience in placing these contracts, I venture to say that no manufacturer in Canada, who has a plant in actual production, would want that kind of contract. I have put it to a number of my friends in the manufacturing business, and I have never found one who, when he was pinned down to it, would admit that he would take this contract into his plant. I met in Ottawa one or two contractors who came here prepared to give their evidence before the inquiry that they would not want that type of contract in their plant, and that it was not a favourable contract as far as the contractor is concerned.

So much for the charge of inefficiency against the minister. We all know that when a department is stepped up, from the level at which this department was operating in 1933 and 1934, to two and a half times the former expenditure, all details in that department may not be handled efficiently. When a departmental budget is enlarged to four or five times the size it was a few years ago, some additions of course are necessary. The Minister of National Defence had called the attention of the government to the fact that his purchasing staff was inadequate to handle the volume of work thrown upon it, and himself had suggested such a purchasing board as was in vogue in 1917. Mr. Justice Davis recommended in his report that type of board. I am sure that no hon. member on this side of the house, and least of all the Minister of National Defence, would quarrel with that finding of Commissioner Davis. Just how that can be twisted into a charge of inefficiency against the minister I am at a loss to understand.

Now, what is the effect of all this debate about the Bren gun contract?

Mr. DUNNING: It has made one man a leader of the Tory party.

Mr. HOWE: My hon. friend says that it has made one man the leader of the Tory party in Ontario; and I think that that fact has so strongly impressed itself upon others in this house that it has had a good deal to do with the length of this debate. One thing it certainly has done: it has tended to prevent the government from arriving at its goal of obtaining 7,000 Bren machine guns. The hon. member for Kootenay East said that if it had not been for hon. gentlemen opposite, this contract would now have been working smoothly. I am glad to be able to tell him, in consequence of my call at the plant, that the contract is working smoothly. I was told there that it was expected that parts for the Bren machine gun would be produced next June, fifteen months after the signing of the contract. So it has not had the effect it reasonably could have had in slowing down production on this particular contract; rather, it has had the effect of stopping the flow of orders from Great Britain for munitions manufactured in this country. Before this inquiry started munition orders were flowing here, small orders, it is true, because the buying of munitions in peace time must necessarily be made through small orders. If Canada should not be called upon to go to war, the present purchase of 7,000 Bren machine guns may last for a decade or two. If war comes, an immediate production of many times 7,000 will be required. No small part of the defence

of Canada is in building up the productive capacity of manufacturing plants to be available in time of war.

At the completion of this contract we shall have a plant built specially for the manufacture of Bren machine guns. When this contract is finished the plant will be turned to other uses, but if at any time in the future more Bren machine guns are required, we shall have the plant that built them, the machinery that was used in their manufacture, and we will place that plant in production in short order. That is an important part of Canadian defence.

When Britain places an order for munitions or for aeroplanes to be manufactured in Canada the output is for Great Britain, but it does this for Canada: it establishes plants in Canada with productive capacity available to Canada in time of need; and whatever may be said about British orders in this country as a contribution towards relieving unemployment, they have a real use to Canada as a defensive weapon. It is a calamity to this country that this flow of orders from Great Britain should be stopped. If for no other reason, this matter of the Bren gun should be allowed to drop, and the defence department permitted to get on with its business, which is so important to the safety of the country at this time.

I could perhaps discuss some of the side issues—how much stock was sold and at what price; but what has that to do with the production of Bren machine guns? Does the buyer examine the financing of a company before placing an order with it? What a buyer is interested in is the productive capacity of a plant and the ability of the management to fill his order. If stock was sold, the sale of that stock was regulated not by this government but rather by the provincial government. A statement was made that there were street rumours in Montreal that the stock would sell at $20 a share. Those rumours could have been dispelled quickly if people had looked up the ruling of the Ontario securities commission limiting the sale price to $7.50 a share. I should be glad—but, no; I will not say anything more about rumours. I might have to retract.

I do not wish to pursue the matter further, but I do submit that the Minister of National Defence has been unfairly attacked from the point of view of efficiency in connection with this Bren machine gun order. I suggest that the requests for his resignation are an attack upon him personally which is not justified by anything that has happened in respect to this order. I sincerely hope that hon. gentlemen opposite will examine their position and ask themselves whether they are doing something worth while for Canada in keeping up this propaganda. I trust that the defence plans of the country will be no longer held back because of this discussion.

Hon. H. A. STEWART (Leeds): I hope to be able to address the house briefly upon this important subject without calling names, without questioning motives, and dealing only with facts. The Minister of Transport (Mr. Howe) has taken another course; I do not propose to follow his example. He spoke about the appropriations in years gone by for defence purposes and compared them with the appropriations that have been made during the past few years.

Let me point out to him and to this house that the conditions are altogether different. When the appropriations to which he refers were made, the program of the British empire and of the dominions was, as he knows perfectly well, in the direction of disarmament. That is the program that was supposed to be in effect throughout the world. We were relying upon the collective security of the League of Nations and if he will look at *Hansard* he will find that there was considerable criticism of even those small appropriations. And much of that criticism came from the other side of the house.

As I have said, conditions have changed entirely. We have had to adopt another course, and following the example of Great Britain our appropriations for national defence have had to be substantially increased. There was some criticism of them even from that side of the house, in 1935 and even in 1936. The next session that opposition was not quite so strong, but I am not sure that the hon. gentleman will not find some criticism from his own side of the house of the appropriations for national defence. I hope that before the session is over we shall be able to find out just how much Canada has got in the way of effective preparation for the defence of the country out of these large appropriations.

The Minister of Transport says that he gave a letter of introduction, and that what was done in this case was nothing more than what he did. Well, the extraordinary character of the letter given in this case was that Major Hahn, to whom it was given, was made a representative of the Canadian government in this matter—made so by the Secretary of State for External Affairs, the Prime Minister (Mr. Mackenzie King) himself.

Mr. MACKENZIE KING: That is entirely wrong, and my hon. friend knows it.

Mr. STEWART: I do not want to argue with my right hon. friend; the record is there. It has been read several times, and I submit that is the effect of it. I leave it to hon. members to draw their own conclusions as to the effect of that letter and the language used in it. That letter placed Major Hahn in an exceptionally favourable position, a position of which he took full advantage, a position in which no other possible competitor was placed, a position to which no competitor could attain. Then Major Hahn followed up that advantage. He came back to Canada with that knowledge and maintained his preferred position.

The minister spoke about the increased expenditure of the last few years. I submit that the fact that expenditures have increased is a further reason for adhering to sound business principles; that the greater your appropriation, the more your expenditures increase, the more need there is for the observance by the government of sound business principles.

Mr. HOWARD: As you did under the Public Works Construction Act.

Mr. STEWART: Yes, all right; three or four years have passed and there has not been anything very wrong shown in connection with the expenditures on public works. No commissioners have been appointed to investigate, and there has been no adverse report.

Mr. FRASER The people gave you an adverse report in 1935.

Mr. STEWART: Yes, and they are going to give you one at the next election.

Again, the Minister of Transport said that the effect of this investigation might be to stop the flow of munition orders from Great Britain. I say that unless the situation is cleaned up, the manner in which this contract was dealt with will have done incalculable harm to the prospects of Canadian manufacturers getting business from Great Britain.

Mr. FRASER: George Drew will have to answer that.

Mr. STEWART: Here again I am sure that the people will draw their own conclusions from the manner in which this contract has been let.

We have had rather a long debate on this subject, and it is difficult to summarize the arguments that have been made and to crystallize the opinion of the house in connection with it. The question is, what action should now be taken? The main facts are not at all in dispute. It is perfectly clear that in February, 1936, the Canadian high commissioner in Great Britain notified the Canadian government, as set out on page 4 of the report, that the Bren gun was available, that it had been adopted as a weapon by the British government. And the report went on to say that:

> Particular attention was drawn, in the high commissioner's letter, to the statement in the war office letter that in making the agreement opportunity was taken of including therein provision to enable his majesty's governments in the dominions, in the event of their adoption of the gun, to take advantage of the terms of the agreement should they desire to do so. The agreement covered the patented invention for the machine gun itself as well as a certain tripod from which the gun could be fired and a filling machine for use in connection with the gun. One of the conditions of the said agreement relating to the possible manufacture of the said gun by the dominions was that such manufacture shall be in a factory operated by the government in question.

Naturally the question arises right there: Why was this provision not followed up? Why was not this adopted as a matter of policy? That is only one of the questions which arises in connection with this contract.

The next fact that is perfectly clear is that the Canadian Department of National Defence, upon the return of Lieutenant Jolley in August, 1936, had full information in connection with this Bren gun, but no contract for the manufacture of the gun was awarded until March, 1938. It seems a long lapse of time. The evidence shows that Lieutenant Jolley had prepared plans of a building that might be used for the manufacture of this gun. The contract which has been the subject of investigation involved the expenditure of millions of dollars. If there is any principle that is well established in connection with the administration of public business it is that where possible public tenders should be invited, particularly where the amount involved is large.

Mr. MACKENZIE (Vancouver): What is the hon. member's record?

Mr. STEWART: My record is there, and I point out to the Minister of National Defence (Mr. Mackenzie) that under the act I had no alternative whatever; it is provided in the public works act that for any expenditure over $5,000 public tenders must be invited. And they were invited in all cases.

Mr. MACKENZIE (Vancouver): I am speaking of the Department of National Defence.

Mr McLARTY: That is not in the Public Works Construction Act.

Mr. STEWART: Yes, that principle was followed.

Mr. MACKENZIE (Vancouver): Never.

Mr. EULER: Will my hon. friend say that after tenders were received the lowest tenderer received the contract?

Mr. STEWART: Not in every case.

Mr. EULER: Not in any case.

Mr. STEWART: The contract was always awarded at the amount of the lowest tender.

Mr. HOWARD: Talk about patronage!

Mr. STEWART: It was not patronage at all. I may tell my hon. friend why that course was adopted.

Mr. EULER: We know.

Mr. STEWART: We thought it unfair, and I appeal to this house if it would not be unfair, to allow one contractor to have four or five big contracts and others not have any.

Mr. HOWE: That is not the reason the treasurer would give.

Mr. STEWART: There was a distribution of these contracts, but always on the basis of the lowest tender.

Mr. MACKENZIE (Vancouver): Never, not in national defence.

Mr. STEWART: I am not speaking of national defence. I am speaking of public works, that is the point; and I know exactly whereof I speak.

Mr. POWER: Will the hon. member deny that under the public works construction acts specifically the right was given to the government not to call for public tenders?

Mr. STEWART: It may have been, in some cases.

Mr. POWER: Certainly; it was given specifically.

Mr. STEWART: Given by the house, with the approval of the house.

An hon. MEMBER: Not by the house.

Mr. STEWART: I was dealing with the fact that no contract was let until March, 1938, and that the contract involved the expenditure of large sums of money. But the sound principle of inviting tenders was not followed here. The Minister of National Defence admits that that principle is sound, but he thought it was not practicable in this instance. He said there was only one man who asked for the opportunity of tendering. Well, are we to have the principle applied that only those who ask are to have the privilege of tendering on contracts such as the one in question?

It is said the construction of buildings for arsenals would involve a large expenditure of money In giving his evidence before the commissioner the minister rather approved of the manufacture, where practicable, in government-owned arsenals. He said however that a very large expenditure would be involved and that his appropriations were small. The chief of staff made a report in which he outlined a plan for the construction of arsenals which would take care of all requirements and which would have cost $20,000,000 or $30,000,000.

Mr. MACKENZIE (Vancouver): It was $30,000,000 or $35,000,000.

Mr. STEWART: We will not quarrel about a few millions.

Mr. MACKENZIE (Vancouver): And that was the former chief of staff.

Mr. STEWART: Yes, the former chief of staff. But the evidence taken before the commissioner shows that to construct a building suitable for the manufacture of Bren guns would not cost more than $120,000.

Mr. MACKENZIE (Vancouver): Where is that?

Mr. STEWART: In the report; in the evidence.

Mr. MACKENZIE (Vancouver): Where is that?

Mr. STEWART: It is there. That is substantially what is said.

Mr. MACKENZIE (Vancouver): Where? Please read it.

Mr. STEWART: At page 11 we find this:

During his testimony the minister said:

"I may say very definitely that the plan of government ownership as such has never been definitely abandoned; it has just been postponed because of the financial stringency which was particularly embarrassing to the Minister of National Defence."

And again:

But the testimony given before the commission established that only 60,000 square feet of space was necessary for the purpose of production of the 7,000 Bren guns for Canada as well as 5,000 guns for the war office and that an entire new building (apart from land) would cost approximately $120,000.

Mr. MACKENZIE (Vancouver): That is the building alone.

Mr. STEWART: That is what I said.

Mr. MACKENZIE (Vancouver): The building alone; not the plant.

Mr. STEWART: It does not take much land for a building of that sort.

Mr. MACKENZIE (Vancouver): That does not cover the cost of machinery, as the hon. member must know.

Mr. STEWART: The government had a lot of machinery. It was supplying a lot of it.

Mr. MACKENZIE (Vancouver): No, no.

Mr. STEWART: The government is supplying machinery in this instance.

Mr. MACKENZIE (Vancouver): Yes, but it did not have it.

Mr. STEWART: Whether the government had it or not, they are acquiring it and putting it into this plant.

Mr. MACKENZIE (Vancouver): The two governments.

Mr. STEWART: So there is no saving of expenditure in that connection. The next step was that the interdepartmental committee was appointed and set up. Major Hahn proceeded to advance his project, and matters moved along for a period of about a year. It was when they were getting down close to the letting of the contract that the interdepartmental committee came into the matter. This thought naturally occurs to one: Why were they not brought in much earlier? Why was it that it was not until just about the time the contract was to be closed that the interdepartmental committee was consulted? Their view at that stage was that tenders could and should be invited. It was intimated by the deputy minister that the British government were not in favour of inviting tenders. The committee suggested that a cable be sent, and that was done. Then they suggested that another cable be sent asking categorically whether the British war office had any objection to inviting tenders from a selected list. That was not sent. The position was taken by the deputy minister that the government assumed the responsibility for the line of action ultimately taken. The committee acquiesced in that, and tenders were not invited. Then the contract was awarded, and we are now dealing with the report of the commissioner made after investigation and consideration of that contract.

The suggestion has been made that the report and the contract be referred to the public accounts committee. Let us consider what would probably happen if that were done. I want to point out here that in the motion of the hon. member for Vancouver North (Mr. MacNeil) and in the terms of the notice of motion appearing in the votes and proceedings under the name of the Minister of National Defence there is a complete absence of any instructions or directions to the public accounts committee as to what it shall do or how it shall proceed. In fact, the formula which has been followed for years in connection with the reference of the report of the auditor general to the public accounts committee has been adopted. We know what has happened in years past in this connection. No action whatever has been taken.

What is the public accounts committee to do? Are we to send the report to that committee and leave it to decide what course it shall pursue?

Mr. MACKENZIE (Vancouver): I rise to a point of order. A few minutes ago the hon. gentleman said that the second cable was not sent. I desire to refer the hon. member to exhibit No. 224 in which it is stated that two cablegrams were received by the war office from the deputy minister of national defence.

Mr. STEWART: In the evidence it is stated that it was not sent.

Mr. MACKENZIE (Vancouver): The exhibit reads in part:

> Later in the afternoon of February 2 I was called to Sir Harold Brown's office and was shown by him two cablegrams which had just been received from the deputy minister of national defence.

Mr. STEWART: In the report it is stated that that course was not adopted. Mr. Elliott in giving his evidence said that the final cablegram was not sent.

Mr. MACKENZIE (Vancouver): Look at the exhibit. I am sorry to interrupt the hon. member, but I wish to have the record clear.

Mr. STEWART: That is my recollection of it.

Mr. CAHAN: The minister is referring to an entirely different incident. The commissioner has reported upon one, and the minister is referring to another.

Mr. STEWART: This is found at page 41 of the report:

> The committee pointed out that there had not been received from England a categorical denial that they would not deal with any other company. We therefore suggested a further wire or cable asking them, "will you or will you not deal with a selected list of companies?" That was quite a thing to raise, after the several cables that had passed.

The report then gives the dates of the cables, and continues:

> He really felt so strongly about it that it amounted to a suggestion that we must not do it. And the committee accepted that.

The committee accepted the chairman's ruling that they must not do it, and it was not sent. Does the minister admit the accuracy of that?

Mr. MACKENZIE (Vancouver): Yes, and I shall deal with it later on.

Mr. STEWART: I was dealing with what followed after that. We come then to the point where this interdepartmental committee had to deal with the matter. Notwithstanding their strong desire, there was no change in the attitude of the deputy minister and the contract went to Major Hahn.

When interrupted I was dealing with the reference to the public accounts committee. Assume that by the adoption of a motion, whether that of the hon. member for Vancouver North (Mr. MacNeil) or that of which notice has been given by the Minister of National Defence, this report and the evidence is sent over to the public accounts committee. The reference will be made without any instructions whatever. Let us imagine we are having a meeting of that committee. How long will it take to determine the procedure? I can visualize that taking some days. We must not forget the small number of members who are not on the government side. These members are also on other committees and therefore may not be able to attend the meetings of the public accounts committee from day to day. Quite often there is a conflict in the times of meeting of different committees. I wonder how long it will take the committee to determine what the procedure will be?

Then when that is determined, how long will it take to carry out that procedure? When that is done, how long will it take us to adopt a report? When a report is adopted, it will have to be brought back to this house, and then we will be right where we are to-day. I suggest that that course is a futile course. It will all come back and we will be at the same stage that we are at now.

Mr. MACKENZIE KING: May I ask my hon. friend if in the circumstances he is going to vote to refer it to the committee?

Mr. STEWART: It will be seen in the end how we shall vote. As I have said, the report of the committee must come back to this house for final determination. We have had the evidence and we have had the report. The main facts are not in dispute, so why not face the situation and deal with it now? Why not decide whether the contract is good or bad, whether it should be approved, condemned or cancelled? I say that in the public interest we should have prompt action. I suggest to the Prime Minister that he consider introducing a resolution approving the contract so that the issue may be decided fairly and squarely and finally and without delay. There should be no more uncertainty and futility. Let us choose between futility and finality in connection with this issue. Let us get it over with.

I was surprised that when the Prime Minister read this report he did not at once take proceedings to have the contract cancelled. I cannot think of anything that would have done more to restore public confidence in his government and in the Department of National Defence. The contract contains certain provisions dealing with possible cancellation. They are vague and indefinite, but I have no doubt that cancellation could be made on terms that would be fair to the contractor. At the same time that the contract is cancelled, let the doors of the courts be opened to the contractor, and if his hands are clean he can obtain damages or compensation on the basis provided for in the contract.

One firm and one firm only had a chance to tender for this contract. Let me ask three or four questions. Why was the recommendation of the British government that these munitions be manufactured in a government arsenal disregarded? Why were tenders not invited? Why was Major Hahn introduced to the department as he was, and why was he introduced by the department and by the Secretary of State for External Affairs to the British government and given a preferred position over all others? There is only one answer that fits all these questions, and that answer is consistent with the action taken by this government. From the beginning it was the determination and intention to give this contract to Major Hahn and to no other person. That is the only answer that is consistent with the whole record and with the findings of the commissioner.

I contend that having regard to the present state of public opinion with respect to profits from war expenditures that is a very bad situation. The public desire competition in the letting of contracts, and they are particularly insistent on that in respect of contracts having to do with war expenditures. In my opinion the best way to restore the confidence of the public would be to wash the slate clean and start all over on a sound basis of public competition or competition by a selected number of firms capable of doing work of this kind. This contract was given to a firm which had no experience, no plant and no equipment. Everything points to a determination and intention on the part of the government to give the contract to one firm and one firm only.

What should be done under the circumstances? I submit that this is not a matter for further investigation by the public ac-

counts committee. It is a matter for direct action, and that is the course I urge should be taken even at this late day.

I do not propose to take up any more time in a discussion of this matter. As I have said, the main facts are not in dispute. What action shall we take? I have the utmost respect for the public accounts committee, but I repeat that a reference to that committee without instructions would be pure futility. It will get us nowhere. The report will come back to the house in the dying days of the session and we will be faced with the very situation that faces us to-day. Let us clean it up now. Let us meet the situation and discharge our duty as members of this house.

If, sir, the suggestion of the Prime Minister is well founded that if we express an opinion on this question we would not be impartial and could not properly serve on the public accounts committee, I do not know how a quorum in the committee can be secured, because many hon. members have already expressed their opinions. For my part I have an opinion and I propose to express it. I believe, Mr. Speaker, that this contract was conceived in the iniquity of public patronage and born in the sin of disregard of public interest and public duty.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, we have been debating for a week the resolution of the hon. member for Vancouver North (Mr. MacNeil) that the report of the royal commission on the Bren gun contract, with other relevant material, be referred to the standing committee on public accounts. I had not intended to take part in the debate because I felt that the members who spoke from the group to which I belong had stated the facts clearly and fairly; but so many attempts have been made by members opposite to becloud and confuse the main point at issue that I think it is necessary that certain facts should be emphasized so that the real issues involved may not be lost sight of.

First let me say that I am supporting the motion made by the member for Vancouver North to refer the report and other relevant material to the public accounts committee. We are opposed—and I am speaking now for the group as well as for myself—to the amendment because we do not think that the committee of the whole house is the proper or the best place to discuss such a matter.

This group was twitted yesterday by the hon. member for Cochrane (Mr. Bradette) for voting against your ruling, Mr. Speaker, on a former amendment.

Mr. BRADETTE: Voting against your own motion.

[Mr. Stewart.]

Mr. MacINNIS: I am coming to that. The hon. member contended that we voted against our own motion. Our own motion, sir, was not in question. The matter in question was a ruling of the chair, and we voted on that as we saw fit. As a matter of fact, if the government wishes to annul the contract we have no objection, but we have no hope and we do not believe that the government will do that because they are too far committed now. We voted against the ruling of the Speaker because we did not intend to allow ourselves to be put in a false position before the country on this matter. Hon. members opposite may be incapable of learning, but we are not. We still can learn, and we have a vivid recollection of how our position on the Bank of Canada bill was misrepresented in the country by gentlemen opposite in 1935, when we voted to sustain the chair on a freak motion moved by the present Minister of National Defence (Mr. Mackenzie). We are not going to get into that jackpot again, and if hon. gentlemen opposite insist on playing that game we have no recourse but to do the same to protect ourselves.

The hon. member for Cochrane referred also to our support of collective security. I should like to tell him that we are not a bit ashamed of supporting collective security, and the reason we have increasing armament appropriations before this house is that collective security has broken down. Let my hon. friend remember this, that as surely as we are creating armaments, just as surely we are going to use them. I should also like to draw something else to his attention which perhaps he did not notice, and that is that there is very little likelihood that in the Dominion of Canada we shall have for very many years to come the need of 7,000 machine guns. But 7,000 machine guns are being produced, and it is not likely that they will be used by Canadian soldiers inside the Dominion of Canada.

Mr. BRADETTE: How do you know that? How about 1914, at the opening of the great war? What did you do?

Mr. MacINNIS: What did I do? I minded my own business, and that met with the approval of the authorities.

Mr. BRADETTE: My hon. friend misunderstood me. I was referring to the situation that developed in 1914. There was no personal reflection intended whatsoever.

Mr. MacINNIS: My conscience is so clear on the matter that no personal reference would touch me anyway.

We are convinced, Mr. Speaker, that the public accounts committee is the proper place in which to go thoroughly into every phase of the Bren gun contract and all matters relating thereto. We are making no bones about that, and we shall do everything we can to get all the information possible out of the investigation.

In the order in council appointing Mr. Justice Davis to inquire into this matter it is stated:

The Prime Minister is of opinion that a full and complete inquiry should be set on foot with the least possible delay in order that the public may be fully informed of the circumstances surrounding the making of this contract and the terms thereof.

I think the Prime Minister is to be commended for the prompt and decisive action that he took in the matter.

I wish to deal now with the commissioner's report, certain points of which I wish to emphasize, and it is because I wish to emphasize them that I am taking up the time of the house. If the report is not as full and complete as we would like it to be, I am sure that it is not the Prime Minister's fault; that is, it is not because of any fault arising out of the order in council appointing the commission; neither do I think it is the fault of the commissioner. From reading the press at the time of the inquiry I am convinced that the commissioner would have liked to make a more definite report than he did make, but he was impressed by the contrary opinions of counsel who appeared before him at the inquiry. I am confirmed in this opinion by the commissioner's own words at page 35 of the report. The commissioner states:

Having fully weighed the objection advanced on this ground,—

That is, that he could not make a report definitely implicating anybody or charging anybody with wrongdoing.

—as well as the weighty consideration brought to my attention by counsel that the rights of the individuals interested in the contract might become the subject of legal controversy elsewhere, I have come to the conclusion that it is inexpedient to comment upon the evidence in respect of its bearing on the conduct of the individuals concerned.

Not because there was nothing to comment on, but because, in his opinion, it was inexpedient so to comment. It seems abundantly clear to me that the reason the commissioner did not comment on the evidence was that to do so was not within the terms of the commission given him. However, in my opinion the commissioner did comment by inference, and commented so clearly that they who run may read and they who read may run. I read the report when it was first tabled; I have, of course, referred again and again to certain parts of it since this debate began, and I am convinced that in his report, which, considering the length of the inquiry and the volume of the evidence, is a brief one, the commissioner dealt only with the pertinent issues in the investigation.

Naturally the steps leading to the signing of the contract are first touched on. The commissioner points out that the British government had acquired from the patentee the rights to manufacture the Bren gun, and that by the terms of the agreement the governments of the dominions had the right to manufacture the guns provided that they were manufactured in a factory or factories operated by the governments concerned. The report reads:

"The privilege of so doing—

That is, the privilege of producing the gun in Canada.

—was vouchsafed to the Canadian government by the war office when it acquired the rights of manufacture from the patentee, the only stipulation being that such production must take place in a government-owned factory."

The commissioner then refers to the information which the Department of National Defence had or could have had with regard to the Bren gun. He refers at length to Lieutenant Jolley, of the Royal Canadian Ordnance Corps. This reference to Lieutenant Jolley is significant, because he gives to this one phase two pages of the fifty pages which constitute the report. He sets forth this officer's qualifications and experience, and states, on page 6:

During his study at Enfield, the Bren gun was not actually in the process of production, but plants were being made for its production at that time. "They were working out the design of tools, fixtures, gauges, etc., and were planning the actual system or series of operations on each component which was to be used when the factory went into production on the Bren gun." They had not progressed sufficiently far to give him any indication as to the quantities of machines which they would require or to give him any details of the processes of production. However, he did get the range and types of machines which they were planning to use in the production of Bren guns. He saw the gun complete and studied it in detail "from the point of view of the design characteristics of the gun and the tolerances of the components and the general requirements of the finished gun." He put the date of his study of the Bren gun as June, 1936. He said he was particularly interested in the Bren gun because it was a new weapon that had just been adopted something like a year before (speaking of June, 1936) and everyone was very keen about it in Enfield as well as in other parts of England. He said he wanted to get as much information as he could, not only of the gun itself, but also of the production methods in case it might be required at some future date. Lieutenant Jolley, assumed

that it was quite likely that the Bren gun would become standard equipment in Canada at some future time. He returned to Canada in August, 1936, with a general working knowledge of what might be expected if the Bren gun were to be produced in Canada. With the possible exception of other officers who had attended courses in England, he was the only Canadian officer who had seen the Bren gun at that time, as far as he knew. Lieutenant Jolley has been employed since his return in the office of the Master-General of Ordnance.

Then the commissioner points out:

The Department of National Defence therefore had, on the return of Lieutenant Jolley from England in August, 1936, very considerable knowledge and information available to it for the consideration of the problem of the production in Canada of its actual requirements of Bren guns.

Despite that fact—I am quoting again from the report:

No contract for the purchase or production of the Canadian defence requirements of the Bren machine gun was made however until March 31st, 1938, when a contract was made between the Canadian government and John Inglis Company Limited of Toronto, a company incorporated and organized by Major J. E. Hahn and associates.

Why all this delay? From what later transpired and what has now been brought out, obviously the cause of the delay was that the Department of National Defence was so busy from August, 1936, to November, 1937, putting pressure on the British war office to allow the manufacture of Bren guns in a private factory, so that a special, selected contractor could get his feet in into the patronage trough, that they had no time to get on with the business of organizing, with the knowledge and information available, for production in a government-owned plant.

Hon. members opposite accuse us of delaying or hampering the production of munitions. We are not responsible for the delay; it took place long before we had any knowledge of what was going on.

The commissioner then comments on the fact that although the contract involved several millions of dollars, competitive tenders were not called. His own words, appearing on page 8 of the report, are these:

Notwithstanding that the contract involves the expenditure of several millions of dollars by the Canadian government, no industrial producer (other than Major Hahn) was consulted by the Department of National Defence as to the proposed manufacture of Bren guns for the Canadian government or invited to give competitive bids or terms of manufacture. Nor did anyone, so far as the evidence shows, ever visit any industrial plant (except Inglis) to consider the possibility of production of Bren guns in Canada.

Surely, Mr. Speaker, this is an amazing situation. For notwithstanding the factors concerned, not the slightest attempt was made to get competitive bids, although several million dollars were involved. The commissioner did not comment on the conduct of persons, but in my opinion this paragraph in the report speaks volumes and it is one of the reasons why the report should be referred to the public accounts committee, to see whether we cannot find out the causes underlying this strange way of carrying on public business. The reason given by the Minister of National Defence in his evidence for this remarkable state of affairs passes all understanding and knowledge. The commissioner must have thought the reason strange. He emphasized it in the report. He calls attention to the question asked by Mr. Hellmuth:

You did not give anybody else a chance?

And the minister's reply was: "Nobody asked for it." I have not the pleasure of Mr. Justice Davis's acquaintance and I do not know how he would react when faced with an answer such as this, but I am almost sure that he must have made some inaudible, but emphatic comment. Could hon. members before this report appeared imagine a responsible minister giving such a childish naive answer to the question why government business totalling several million dollars was given to a favoured company without an attempt being made even to inquire whether other firms could do the work? Are we to understand that is to be the future policy of the government with reference to government contracts and business? If it is not to be the future policy of the government, why was it followed on this occasion? Are we to understand that before anyone can get business from this government he must be introduced by a Liberal member of parliament and have friends inside the service to push his case? That way of doing business is bad at any time and under any circumstances, but it is most heinous in a matter such as this.

The minister said that he favoured public ownership in connection with the manufacture of armaments, and he says that he still maintains that position. But his activities do not square with his assertions. He favours public ownership; that is what he says; and failing that he favours competition. But he ends up by adopting a policy which is neither public ownership nor competition but unadulterated patronage. He then tries to hide behind a smoke screen which he has laid himself—that he could not get the money. The commissioner however does not let him get out of sight. Of course, he does not comment; he

merely states the facts. I will read from the report. The commissioner's remarks will be found at pages 10 and 11:

The minister said that there were two very definite schools of thought in the department and that he assumed all responsibility. One school, he said, was headed by the then chief of general staff and the other by the deputy minister, for both of whom he said he had equally great admiration.

Evidently the chief of general staff did not have as much influence as the deputy minister of the department.

The minister said that General Ashton (the then chief of the general staff) was very insistent upon the development of government arsenals and that the former chief of general staff, General McNaughton, evolved a very comprehensive scheme for Valcartier which would include practically all the requirements of the Canadian forces.

What he said was:

That was considered after I went into the department and I found that the cost of it would be something between $30,000,000 and $35,000,000. With my meagre $25,000,000 or $30,000,000, what could I do with a scheme like that?

The commissioner does not let him get away with that, although he does not make any comment on personal conduct. The commissioner says:

But the testimony given before the commission established that only 60,000 square feet of space was necessary for the purpose of production of the 7,000 Bren guns for Canada, as well as 5,000 guns for the war office, and that an entirely new building (apart from land) would cost approximately $120,000. In proposal "B" of Major Hahn (exhibit 11) of December 29, 1936, the building was shown at an estimated cost of $104,196.40.

Mr. McLEAN (Melfort): Does my hon. friend think that the two are speaking of the same thing? Is not the minister speaking of an arsenal to handle all requirements, while the commissioner is speaking of a plant to handle small machine guns?

Mr. MacINNIS: That is the smoke screen. The minister is speaking of a complete plant, but this is not necessarily a complete plant. It is only a small part, and instead of requiring thirty or thirty-five millions, or two hundred or three hundred millions, as the Minister of Agriculture (Mr. Gardiner) said the other evening, it would take very much less. Possibly a million and a half or two millions would have started the thing going and we would be very much further ahead than we are now. It is pointed out to me that the commissioner said $104,000, but that is for the building. And in any event the Canadian government and the British government are paying for the machinery, and we do not know what it will cost.

This brings me to the queer case of Major Hahn. The appointment of Major Hahn as the government's representative at the war office in Great Britain is to me one of the most amazing things in the political history of Canada. First we hear of the major when he is introduced to the deputy minister, General LaFleche, by the hon. member for Trinity (Mr. Plaxton). According to the evidence General LaFleche had not previously met or had any communication with Major Hahn. This introduction of Major Hahn to the deputy minister took place on October 9, 1936. A few days afterwards we find that the Minister of National Defence had his first meeting with Major Hahn. He was introduced by the member for Trinity on October 19, 1936. On this occasion, according to Major Hahn's own evidence at page 18 of the report, he met the minister and said he was going to England and that he wanted a letter, and he got the letter. The minister had never seen the man before and when questioned some time later he did not remember having met him or having given him the letter. Consequently Major Hahn did not make much of an impression on the minister, which seems very strange.

Now we come to the Prime Minister. The Prime Minister had never met Major Hahn at all—I do not know whether he has met him yet. He did not even have the opportunity or pleasure of an introduction by the hon. member for Trinity yet we find the Prime Minister in his capacity as Secretary of State for External Affairs, on November 6, 1936, sending the following cablegram to the Canadian high commissioner in London:

Secret. Your cablegram 9th November 396. Have discussed matter with Minister of National Defence. You might request war office to give Major Hahn, as representing Canadian government in this particular, any information which they consider desirable and necessary to enable national defence to reach conclusion on possibility produce Bren gun in Canada. It is not desired to request furnishing of information on any article other than this gun.

It will be noted that the cablegram is marked "secret"; I do not know why. It was sent in code by the Prime Minister, and made Major Hahn a representative of the Canadian government at London, where he would have access to secrets of the war office.

Mr. MACKENZIE KING: May I stop my hon. friend at that point? He read the cablegram quite correctly, but the inference he is drawing from it is not correct. Major Hahn was made a representative of the government for the purpose only of obtaining certain information to enable the defence

department to make up its mind on a certain course; nothing else. My hon. friend has no right to go beyond what he read.

Mr. MacINNIS: I am glad to accept the right hon. gentleman's correction. Major Hahn was representing the government in a certain particular; I stated that.

Mr. MACKENZIE KING: A particular set forth in the cablegram, and for reasons specifically set forth in it. And in regard to the secrecy, I think my hon. friend will appreciate that practically all communications that pass between governments go as secret messages and in code, otherwise they would be open to every telegraph office in the world.

Mr. MacINNIS: But in view of the fact that no one knew who Major Hahn was I do not see the reason for the secrecy. That is the peculiar part about the whole thing. It is like the babes in the wood.

Now these are facts which cannot be contradicted: that the Prime Minister had never met Major Hahn and did not know anything about him except what he may have ascertained from the Minister of National Defence; that the Minister of National Defence did not know anything about Major Hahn except what he had heard from his deputy minister; that the deputy minister did not know anything about him except what he had heard from the hon. member for Trinity or was told by Major Hahn himself, as he said on the witness stand. Yet the proceedings were characterized by the utmost formality and secrecy. I have on occasions taken part in mock parliaments, but it seems to me this sort of thing reduces ordered government to a mockery and the administration of public business to a farce.

I mentioned earlier in my remarks that pressure was brought to bear on the British war office by the Department of National Defence, first, to allow the Bren gun to be produced by a private company, and, second, to have the war office place an order for 5,000 guns with a private company. That assertion is borne out by the commissioner's report at page 48, where he said:

> It clearly results from the evidence that the department having introduced and sponsored Hahn to the war office and the war office having in November 1937 (after a full year of pressure by the department upon it) expressed its readiness to negotiate with the Inglis company for the production of 5,000 guns, and the negotiations having proceeded to the point where on February 9, 1938 (exhibit 218) a draft contract with the John Inglis Company had been agreed in detail by the war office, the matter had been brought into such a posture that the department felt it was really not in a position to propose to the war office the consideration of another contractor.

That is why the interdepartmental committee fell down. And the year lost in putting pressure upon the war office is also the reason we are so far behind as we are at the present time.

In conclusion I wish to read the recommendation made by the commissioner, found on page 51 of the report. The minister and the government and the Liberal party claim that this recommendation exonerates the minister and the department from any and all blame in connection with this contract. In my opinion this, taken with the other points which I have dealt with, constitutes the most emphatic condemnation of the minister and the department. The commissioner states:

> What is plain to me at the end of this long inquiry is this: that if the policy of private manufacture of war munitions and armaments is to be continued in this country (a question of administrative policy for the government and parliament to determine), once the requirements are determined by the Department of National Defence the negotiations leading up to and the making of contracts between the government and private manufacturers either for the purchase or production of such munitions or armaments should be put into the hands of an expert advisory group of competent business men—

He goes on to state the kind of business men he has in mind, and continues:

> These persons should constitute a board (which might be known as the "defence purchasing board") and be made directly accountable to the Prime Minister or to the Minister of Finance.

We must bear in mind that the commissioner was inquiring into a contract which came under the jurisdiction of the Department of National Defence. After careful and prolonged inquiry he recommends in effect that, if there are to be any more contracts, the negotiating of them should be transferred to the Department of Finance, or to a department directly under the Prime Minister himself. In my opinion this clearly indicates that the commissioner was not satisfied with the contract or the way in which it was negotiated by the Department of National Defence, of which the minister is the political head. That is the inference I draw from it. The report gives a very clear indication of what the commissioner would say, had he not thought, as he said, that it would be inexpedient to comment on the evidence in respect of its bearing on the conduct of the individuals concerned.

It is for these reasons that we of this group maintain that it is in the public interest that this contract and all related material should be referred to the standing committee on public accounts for further investigation.

Mr. H. J. PLAXTON (Trinity): Mr. Speaker, I rise to declare my position before

the house in this matter. The motion which has been made for further investigation is thought by many to be unnecessary. However, a further investigation is to be held. I shall welcome it as I welcomed the previous investigation. I shall be available before the public accounts committee at all times when I may be required. I shall be glad to testify either under oath or under my responsibility as a member of the House of Commons.

It has been indicated by the Prime Minister (Mr. Mackenzie King) that the proposed motion to refer the matter to a committee will receive the support of the government. That being so I have carefully considered the proper course for me to adopt, and have concluded that I should reserve my address on this matter until after the hearings of the committee and until after the committee has reported back to the house. I may say I have reached that conclusion most reluctantly, because I have been here day after day since the debate began, ready to speak on the motion before the house. But I submit that to be consistent with the best traditions of British parliamentary practice, the course I have decided to adopt is in all the circumstances the proper one. Let me make it clear however that at the proper time, when this matter returns to the floor of the house, I propose to make a very definite and full statement with regard to the entire situation. I do ask the committee composed of members of the house of all shades of political thought to meet and to deal with the matter with every possible dispatch.

Until parliament has finally passed upon the matter I submit harm is being done to workmen in Toronto and to Canada's relationship to the British empire in respect to that most vital problem of to-day, rearmament and defence.

Mr. H. R. FLEMING (Humboldt): Mr. Speaker, it was not my intention to participate in this debate or to speak respecting the Bren gun. But after listening to speeches made by hon. members of the opposition I felt I owed it to the people who have sent me to parliament as their representative, and to myself as well, to make some comments.

I suggest that the terms of reference to the public accounts committee should not be limited to circumstances surrounding the gun contract alone. The committee should have the widest possible powers to inquire into the entire system of awarding government contracts. I am in complete accord with what was said on Monday last by the hon. member for Témiscouata (Mr. Pouliot), that all these contracts should be referred to the public accounts committee. The *Star-Phoenix,* a widely read newspaper in Saskatchewan, states in a leading editorial that we should go the whole way, that the reference should go deeper than simply making an inquiry into the Bren gun contract, and should cover the entire period from the great war to the present time.

I realize that on the order paper, in the name of the Minister of National Defence (Mr. Mackenzie), there is a resolution in which it is proposed to set up a defence purchasing board. I believe that board should have been set up at the very beginning. I was pleased yesterday to hear the minister say that that had been his idea, but that he had not so stated before the royal commissioner because as a responsible minister of the crown and a privy councillor he could not commit the government until he had consulted with the Prime Minister (Mr. Mackenzie King).

I say there should be a most careful examination not only of this contract, but, as the *Star-Phoenix* has pointed out, of other contracts as well. Yet, the mere fact that this contract has been brought to public attention is no reason for the government to jump, like a fly on a hot griddle, to any extreme measures. If one method of procedure has been found to be irregular—and there is nothing so far which shows that it was—there is no assurance that any opposite method would be completely satisfactory. That is to say, if the government intends to embark upon a policy of manufacture by the government of implements of war, or if it is proposed to establish a public arsenal at Valcartier, the question arises whether or not the location would be proper from a strategic standpoint.

Might it not be well to have public arsenals situated throughout the length and breadth of Canada? If such arsenals were set up, to all intents and purposes the employees working in them would be civil servants. We would have to provide them with schools, churches, places of recreation and medical and dental attention. Of course, if the arsenals were erected in well established communities we would not have to supply those facilities, because they would already be provided. If the manufacture of war materials becomes a public venture, we should not have all our eggs in one basket, but should scatter them throughout the length and breadth of the dominion.

If I had been placed in a position similar to that of the hon. member for Trinity (Mr. Plaxton) and an opportunity had been given to me to get work for the people in my

constituency, I am proud to say I would have been the first one to try to obtain that work for them, and would have raised heaven and earth in my efforts.

Many people seem to be of the opinion that any point in Canada would be a suitable place to set up one of these arsenals. May I point out, however, that in view of the advances which have been made in modern warfare, and particularly in air forces, we must be very careful to see that our arsenals are protected, and that they are placed at points where they will involve the least possible danger to the civilian population.

Then, too, the financial burden to be borne by the taxpayer must be considered. I have given the matter careful thought, and I can think of no place better suited for a public arsenal than the constituency of Humboldt, which I have the honour to represent. On various occasions in the house the hon. member for St. Lawrence-St. George (Mr. Cahan) has said that the present government is trying to destroy private enterprise. Mr. Speaker, here is a private enterprise, and this government is not trying to destroy it. While I can well understand the stand taken by the Cooperative Commonwealth Federation, with their belief in complete public ownership, I do say, in answer to those who have tried to create in the minds of the electorate ideas for the advancement of their own political ends, that the Liberal party should not be intimidated into formulating a hasty policy.

If I thought there was anything wrong with the contract; if I thought there had been any graft or corruption in connection with it, I would rise in my place to oppose it. I am not hidebound to any political party. Since I have come to the House of Commons I have had a free rein. Never once since I have been a member has my leader, or the minister from Saskatchewan, or any other member of the government, suggested to me what particular line I should take in connection with any question which has come before the house. If I had anything against any member of the government I would not be afraid to take a pot shot at him.

An hon. MEMBER: With a Bren gun?

Mr. FLEMING: With a Bren gun. After all, this royal commission that was set up made a searching and far-reaching investigation. The report has been quoted quite often, but I should like to quote shortly from page 52, as follows:

> All the sittings of the commission were public and your commissioner was pleased to hear counsel characterize the inquiry, at its close, as "a most searching and thorough inquiry."

After reading that statement and after listening to the dignified and gentlemanly statement made some days ago by the right hon. Prime Minister, I fail to see where any blame can be attached to any member of this house, any member of the government, to any member of the Liberal party no matter what lowly position he may occupy. From the moment Colonel George Drew's magazine article appeared, suspicion was created in the mind of the public that graft and corruption were rampant in connection with the awarding of government contracts. Frankly I think irreparable damage has been done by that article. I am sure that if this contract were suddenly to sprout wings, some people would not admit it past the portals of heaven.

Politics and politicians are always suspect because certain individuals in order to gain political preferment are always ready to sacrifice truth upon the altar of wild statements. Even the opposition is exposed to that. A few days ago the hon. leader of the opposition (Mr. Manion) complained bitterly in this house that he had been accused of sabotage in connection with the Canadian National Railways. I would be willing to wager with him that for every person he finds who remembers his denial, he will find another who believes that there must be some truth in that allegation, otherwise it would never have been made. I am particularly concerned with this Bren gun contract because *Maclean's* magazine has a widespread circulation within my constituency. In his magazine article of September last, Colonel Drew made no direct charges. As the minister said, his article was filled with misstatements, half-truths and vicious innuendoes. No series of denials will ever wipe out entirely the bad taste which that article has left in the mouths of the Canadian electorate. It is just as difficult as trying to answer the question, "Have you stopped beating your wife?"

Without anticipating the findings of the public accounts committee, I wish to state emphatically that I believe the Prime Minister, the Minister of National Defence and all the officials of the government acted not only in good faith but in a manner which showed that they were attempting to obtain a good bargain and a good deal for the Canadian people. It must be remembered that we were in the initial stage of a development in connection with which Canada had little experience. The contract met with the approval of the British war office which has had hundreds of years of experience in letting similar contracts.

Was there any reason to believe that the Canadian committee erred? That committee

was composed of a number of well known government officials. One member was a distinguished soldier and administrator, Major General LaFleche. Another member was Doctor O. D. Skelton, a former professor at Queen's university, from whom I learned my political philosophy. He is a man of the highest attainments and has been recognized as such by the leaders of both great political parties. Mr. Fraser Elliott, K.C., is a man who has few peers in his own field in the world. Doctor Clark is another former professor of political science at Queen's university whose capabilities are unquestioned. Surely no one can point the finger of scorn at any of these impartial civil servants.

It is difficult to understand why this storm over this contract has arisen except for the fact that it is meant to provide political capital. It is a bold-faced attempt to embarrass the government and the Minister of National Defence.

Mr. DOUGLAS (Weyburn): Might I ask the hon. member a question? Did the committee he mentioned approve the contract?

Some hon. MEMBERS: Sit down.

Mr. DEPUTY SPEAKER: The hon. member for Weyburn (Mr. Douglas) may put a question to the hon. member who has the floor only with his permission.

Mr. DOUGLAS (Weyburn): The hon. member gave the names of different members of the interdepartmental committee. He told us that that committee had signified its willingness to approve the method by which this company obtained the contract.

Mr. FLEMING: Certainly they did. They are all high-minded public officials.

Mr. DOUGLAS (Weyburn): Doctor Clark objected to the contract.

Mr. FLEMING: He did not.

Mr. McLEAN (Melfort): That is not a question.

Mr. FLEMING: No one would believe him.

Mr. DOUGLAS (Weyburn): I rise on a question of privilege. The hon. member made a reference to myself which was quite audible in this part of the chamber, and that reference was most unparliamentary.

Mr. McLEAN (Melfort): What did he say?

Mr. DOUGLAS (Weyburn): He said that no one would believe me, and I ask him to withdraw that remark.

Mr. FLEMING: I heard the hon. member make statements during the last by-election in Humboldt which were absolutely untrue. He told the people that if they elected the Co-operative Commonwealth Federation candidate, the price of wheat would go up ten cents.

Mr. DOUGLAS (Weyburn): And it did. I ask the hon. gentleman to withdraw that remark.

Mr. DEPUTY SPEAKER: If the hon. member for Humboldt (Mr. Fleming) made any such remark, I did not hear it.

Mr. FLEMING: I will withdraw it, provided he can substantiate his statement as to the price of wheat. There are certain sections of this country which will rise like fish to a bait whenever you mention graft and corruption. They believe that if you cry "wolf" often enough someone will be eaten. The attitude of the Tory party is so inconsistent. As long as I can remember I have seen the Tory party waving the union jack and wrapping the flag of freedom about them, and I cannot understand why they are now waving the red flag at the British government.

Mr. SPENCE: Oh, you are talking nonsense.

Mr. FLEMING: The opposition has asked that we should bolster up our armaments; but no sooner does this government start to create defence consciousness in all parts of Canada, no sooner does it attempt to preserve private enterprise, than we hear the cry throughout the length and breadth of this country that there is wholesale profiteering. The Tory party are trying to choke their own baby to death in its cradle. Yet, Mr. Speaker, on thinking this over I am not surprised at the attitude of the Tory opposition because they are playing the same old game they played in 1917. We remember what they did in that year. They sent Protestant ministers to the old province of Quebec to try to make young French-Canadians enlist. The same old game is being tried at the present time. They are trying to catch the government between the scissors of nationalism and the necessity of rearmament. The government has tried to create in the minds of the public the necessity for rearmament and to have all parts of Canada united. They are not trying to ostracize one part of this country.

The Minister of Agriculture (Mr. Gardiner) the other evening mentioned a violent, vicious attack that was made by that slander sheet from Toronto, *Maclean's* magazine. The same magazine and its subsidiaries are preaching national unity to try to hold confederation together, but on each and every occasion they have tried to split confederation. If you will go back with me, sir, to 1923, you will find in

Maclean's magazine of July 1 of that year a most vile and vicious attack upon French Canada, one of the most vicious attacks that anyone could ever read, and it appeared in a serial entitled, "The Bond Triumphant." It was an attack upon that saintly and world-famous member of the Catholic church, Bishop Laval. It was an attack against the religious orders in the province of Quebec. That, Mr. Speaker, was in 1923, and if you will read that article and a few subsequent editions you will find that it had to be taken out of the magazine because it caused such a revulsion of public feeling across the whole north American continent.

Is it any wonder, then, that that scandal sheet would print this scandalous article which Colonel Drew wrote to make a vicious attack upon the only French-Canadian deputy minister in the public service.

Some hon. MEMBERS: No.

An hon. MEMBER: That is wrong.

Mr. FLEMING: I could say, Mr. Speaker, that that is cheap, or something like that. It is the same old tactics the Tories employed in 1917, when they tried to get their wedge in at a time when the government of this country was endeavouring to bring about a united Canada. Knowing the attitude of the present Prime Minister with regard to government contracts and all public expenditures, I ask what better statement could be made by any high-minded Canadian than that which was made by the Prime Minister at the time the order in council was passed, and which he repeated to the house on Friday last:

> In the troubled world of to-day, the Canadian people reluctantly have shouldered what is, for them, a very considerable burden, for the purpose of national defence. The Prime Minister and the Minister of National Defence, and the government as a whole, desire that in all the defence measures that may be taken by the government, not only shall there be no wrongdoing, but no suspicion of wrongdoing. The Canadian people are entitled to this. The article published by Colonel Drew cannot but create suspicion on these matters in the minds of the Canadian people. For this reason the government desires that the inquiry be conducted as expeditiously and as thoroughly as possible.

We hear so much about political patronage, Mr. Speaker, that I was glad to hear someone rise in his place in the house the other day—I believe it was the hon. member for Témiscouata—and say that he was not afraid of government patronage. I have never been afraid of government patronage, and I do not think the hon. leader of the opposition (Mr. Manion) is afraid of it because the first job he ever got he obtained from the dominion government, and that is according to his own book, "Life is an Adventure," where he says:

> The Conservatives were in power at Ottawa, and Sir Sam Hughes (who after my election to the House of Commons, in 1917, became one of my best friends) did not seem very willing to give a position to a Liberal candidate.

The hon. gentleman was a Liberal candidate at that time.

> Considerable correspondence passed between us, but the wires I was able to pull were not very powerful, until at last, during a dispute in the house, Sir Wilfrid Laurier, the Liberal opposition leader of that day, taunted Sir Sam that most of his appointments went to Conservatives, to which Sir Sam replied that if the Liberal leader would name any man whom he wished appointed to a post in the army, he (Sir Sam) would appoint him.

That was government patronage. The hon. leader of the opposition has risen to a high place within his party, but he had to pull wires to get this job—

Mr. MANION: I am sorry to interrupt my hon. friend, but in justice to me he should make clear what position I was looking for. If he does not do so, perhaps he would permit me to say that the position I was seeking was to be a surgeon in the army.

Mr. FLEMING: Yes, a job in the army.

Mr. MANION: Not a job; I did not need a job in the army. I was doing a $15,000 cash practice, and I gave it up to become a medical officer in the army.

Mr. FLEMING: I correct my statement that it was a job. It was an appointment, and he had to pull wires to get this appointment.

Mr. MUTCH: I would like to suggest to the leader of the opposition that some of us were able to get jobs in the army for very much less money without any contract or any pulling of wires.

Mr. ROWE (Athabaska): Mr. Speaker—

Mr. MACKENZIE (Vancouver): If the hon. member for Athabaska (Mr. Rowe) will permit me, might I say that my good friend the hon. member for Humboldt (Mr. Fleming) did not quote quite accurately the statement I made to the house yesterday with reference to discussions pertaining to the proposed defence purchasing board. I want it to be very plainly disclosed to the house that my colleagues and myself and my leader discussed this matter as a question of policy before the royal commission on the Bren gun was ever set up or even thought of. It was considered to be a question of government policy for consideration by this parliament, and it was discussed, not as a result of this commission, but before the commission was even thought of. As a

matter of policy, I thought it was not my duty as minister to make any suggestions on matters of policy to the learned judge who was appointed to make this inquiry.

Mr. P. J. ROWE (Athabaska): Mr. Speaker, the hon. member for Vancouver North (Mr. MacNeil), in addressing the house last Thursday on his resolution, made it very clear to hon. members that the commissioner had placed squarely before parliament the following issues:

1. Whether the Bren gun should be produced by the government in publicly-owned factories or through private manufacture.

2. Whether the conduct of the individuals concerned was above question.

3. Whether adequate reasons existed for the failure of the interdepartmental committee to report back to the government when the system of supervision of contracts broke down.

4. Whether the procedure followed in negotiating this contract protected the public interest.

5. Whether proper steps were taken to ensure discharge of the responsibility assumed in the selection of a favoured contractor.

A number of government supporters have repeatedly pointed out that no finding of misconduct has been made against any individual. But the commissioner makes it very clear, on page 34 of his report, that having in mind the limitations imposed on him by the statutory authority under which the inquiry was held—to use his own words—

> I have come to the conclusion that it is inexpedient to comment upon the evidence in respect of its bearing on the conduct of the individuals concerned.

Therefore I say that in my opinion the government supporters are quite in error in suggesting that the absence of charges by the commissioner means lack of justification for charges.

The Minister of Agriculture (Mr. Gardiner), speaking on February 6, said, as reported at page 679 of *Hansard*:

> I have yet to hear any condemnation of the contract itself from the individuals who have been addressing this house.

I have read the contract, and there are many features of it which I unhesitatingly condemn. But as my colleagues and others have thoroughly discussed most of the sections to which I also take exception, I shall deal only with the part relating to the stock transactions which finally resulted in the incorporation of the present John Inglis Company. This will involve the fourth point mentioned by the hon. member for Vancouver North. In order to make clear just what the commissioner thought about the stock transactions, I am going to place on the record, if I may, an excerpt from the original evidence, at pages 956 to 961 of the record.

This question was asked by Mr. Forsyth, government counsel, of Mr. C. F. Elliott, dominion income tax commissioner.

> Q. There was some mention in your cross examination—I am not going to quote it—which I should like to call to your memory. It was suggested to you that there were a number of shares outstanding, as per the Dun and Bradstreet report. You made an answer to my learned friend Mr. Drew in which you referred to the fact that a stopper had been put in. I just want you to explain what you mean by the word "stopper."
>
> The Commissioner: I think I observed to the witness that his evidence disclosed that he had information—it may have been accurate—that the company had 220,000 shares issued. I asked him if he had interested himself, or if the members of the committee had interested themselves in knowing who were the holders of those 220,000 shares. That observation was made after the witness had spoken of the relation between the number of shares and the $1,280,000. I have his answer on that, which I need not repeat. I do not know that anyone asked him, and I am quite willing for you to do so, if any effort was made in the public interest to avoid having those 220,000 shares becoming the subject matter of transactions, we will say, on the stock exchange.
>
> Mr. Geoffrion: There is no evidence that they will become the subject of transactions.
>
> The Commissioner: I am just asking if he anticipated any such thing, or if the committee anticipated providing any protection. I see there is a clause in the contract and if you want to read that it will be all right. However, I do not think it has any bearing on my question at all.
>
> Mr. Forsyth: I do not think you are referring to the same examination, Mr. Commissioner. I remember that Mr. Elliott developed the idea that the company could increase its capital and so on.
>
> The Commissioner: They have protected against that by providing a clause in the contract that the company is not to issue or sell any shares, bonds, securities, etc., of the company, directly or indirectly, without the approval of the government. But that does not in any way affect the 220,000 shares issued and outstanding. The question I was trying to ask the witness this morning—I left the answer then because of the thought that they had no interest really in the directors or shareholders. What I was getting at was the fact that these 220,000 shares might be sold publicly on the market at a future date and I wanted to know if the committee visualized that problem and if they took any competent measures in the public interest to control that situation so that there would be no public trading of those shares.

Mr. Forsyth then questioned the witness as follows:

> Q. Mr. Elliott, you used the word "stopper" in connection with this, and I presume you were referring to a clause in the contract. Have you the contract before you?
>
> A. Yes.

Q. Would you indicate the number of the clause to which you were referring? Am I correct in assuming that you were referring to a clause as a stopper?

A. Oh, yes. That is correct. It is the second paragraph of section 1. Shall I read it?

Q. If you do not mind.

A. This is a proviso which reads:

"Provided further, that notwithstanding the provisions of anything herein contained, the said licence shall be subject to cancellation if in the course of the period thereof the party of the second part should sell shares, stocks, bonds, debentures, notes or other like securities to the public, directly or indirectly, or through the medium of other companies the proceeds of which are not directly applied to the business of the party of the second part and there remain applicable for use in the carrying on of said party's business, then the licence shall cease unless before the issue of such security instruments the consent to the issue thereof has first been secured from the party of the first part."

Mr. Drew: That section obviously has no relation whatever to the 220,000 shares you have mentioned?

The Commissioner: Of course it is subject to argument, but it is perfectly plain that that clause refers to the issue by the company and sale by the company. I am not stopping you, Mr. Forsyth, but I must tell you that I am still groping in the dark to find out whether the committee ever visualized the problem that there was a possibility or a probability that the then issue of 220,000 shares out of the total authorized of 250,000 shares might become the subject matter of trading on the public exchanges or in a private way as war stock. I want to know if the committee ever visualized that and, if so, what did they do?

Mr. Forsyth: You have heard the discussion—

He is still questioning Mr. Elliott.

—and the question raised as to the possible disposition of the 220,000 shares of stock issued, as per the Dun and Bradstreet report. The possibility was mentioned in your cross-examination this morning of a further increased capital. The point now is: Did the committee visualize—to use the commissioner's words—dealings in the 220,000 shares already issued and which might be objectionable, from the public point of view? Is that a fair way to put it, Mr. Commissioner?

The Commissioner: Yes.

The Witness: They visualized that and many other related matters of a similar character.

By the Commissioner:

Q. In what way did you deal with it?

A. By inserting in the paragraph which I have just read.

Q. That is your answer to the question?

A. I would—

Q. That is either the protection you took or it is not?

A. That is the protection we took after discussing it at great length.

Q. As a member of the committee you had it in your mind that that was sufficient protection for the problem which you say you envisaged?

A. When you say "sufficient protection," if I were writing that myself I would catch the ideas as we had them presented that night in the committee. I would write it out and I would polish it and re-polish it until it would contain fully all our views and all my comprehensions as to the various ways in which capital could be sold to the public, either by writing up the present stock, increasing it and so on. So that when you ask me if that was completely my idea or the committee's, the answer technically is, No. We would have liked to have had time to polish and re-polish it, but we had to pass it that night. I hope it carries the main idea of a means of stopping it, but technically I could not say that it is perfection.

Q. Whatever your thoughts were that night, they must be plain to you now that that clause does not affect or attempt to affect the sale of the then issued 220,000 shares?

A. Not the 220,000, no, but it would affect, I think, a split of them and issuing three for one or something like that. That is perhaps a question of interpretation.

Mr. Forsyth: As a matter of fact I do not know that I would agree with you, Mr. Commissioner, or with the witness on that. I think it is a subject for later argument.

The Commissioner: I think it is as plain as day. I do not think there is any use splitting hairs as to what it says.

That is the opinion of the commissioner as to the protection of the public in the matter of disposing of the vendors' shares. I was surprised at the absence in the commissioner's report, of any extended comment on the stock transactions, but apparently he had in mind two things. The first was the limitations I have already referred to which he believed were imposed upon him by the statute under which the inquiry was held, and the second would probably be the fact that he did not want to clash with the jurisdiction of the Ontario securities commission. The great insistence of various counsel upon the point of there not being any comment indicated to me beyond question that they were perfectly well aware what kind of comment the commissioner would make if he felt privileged to do so. Anyone who reads the evidence and arguments of counsel relating to the financial and stock transactions, and noting the commissioner's comments thereon, will not be left in doubt as to what he thought. A clear profit of over $1,000,000 in the stock transactions alone plus $467,000 of operating profit under the two contracts, or total profits of at least $1,467,000 on an investment which, including the proceeds of sale of treasury stock, was not more than $500,000, means profits of 285 per cent on that transaction. How could that be described as other than one of the most heartless and barefaced pieces of profiteering in the history of Canada? And this is the contract which the minister has described as one of the finest. If it is correct, that this is one of the finest contracts ever signed by the department, I tremble to think what we shall find when we come to look into others.

To show that the government was in possession of complete information and knowledge as to how to prevent stock watering and excessive profits, I wish to place on the record part of a memorandum furnished the interdepartmental committee by Mr. Elliott, dominion income tax commissioner. Mr. Elliott explained that during the great war the department had considered the various ways by which firms and individuals who were profiteering out of war contracts had sought to evade payment of income tax. Among other things he therefore proposed the following in reference to the amount of capital to be employed. He said:

Let the amount of capital to be invested by the contractor be predetermined, certified by recognized authorities and approved by government officials before or at the time the contracts are made. Thus, inflation of capital assets, goodwill and other undesirable tendencies after the contract has been given might be avoided, and also there might be avoided an unfair and excessive profit based on inflated values. Make certain that the value behind the share is cash, or an asset having real value.

At page 2294 of the evidence, government counsel questioned the minister about this report. Mr. Ralston, examining the minister, asked:

Q. Now, Mr. Mackenzie, that report was transmitted to you. What did you do with it?
A. I carefully perused it personally—it was of great interest to me.

But after coming into possession of this carefully prepared information, which showed in precise detail exactly how to prevent this stock watering, what did the minister do? Well, the evidence shows that he did everything possible to assist this contractor in accomplishing his purpose. Despite the fact that the minister had repeatedly declared his belief in the public ownership and operation of plants for the manufacture of war materials—at page 10 of the commissioner's report we read that the minister said, in reply to a question by Mr. Hellmuth, that he believed in public ownership through and through—the evidence shows that his department exercised constant and unremitting pressure on the war office in England to have them negotiate a contract with Major Hahn, a private manufacturer, who had neither the equipment nor the experience to do the work. Evidence of this will be found on page 48 of the commissioner's report. Speaking in the House of Commons on April 2, 1937, the Prime Minister (Mr. Mackenzie King) said:

We agree with him in asserting the principle that no profits should be made out of war.

At page 2148 of the evidence, I quote as follows from a memorandum sent by the chief of general staff to the master general of ordnance, under date July 11, 1936:

I still feel that a small arms and munition factory should be established capable of making revolvers, rifles, and automatic rifles including the Bren gun.

Why, in the face of all this, did the government not carry out its own publicly professed policy and the advice of its own technically competent civil service advisers? Surely no informed person would dare to deny that public opinion in Canada is overwhelmingly in favour of eliminating profits from the manufacture of war materials. The only reason given by the minister is, to use his own words as quoted in the report at page 11, "financial stringency." Yet he signs a contract with a private manufacturer under which the Canadian taxpayers furnish this man with a complete outfit of machinery; pay him $10,000 a year, and in addition provide him and his associates with stock watering profits of over $1,000,000 and an enormous operating profit as well.

I have listened with amazement during this week, as speaker after speaker has unfolded this story of the plunder of the Canadian people, with the active assistance of the government. I want publicly to thank Colonel Drew for bringing this matter to light. At both the 1937 and 1938 sessions I placed resolutions on the order paper demanding that a committee be set up to study this very question, but each year parliament prorogued without even discussing it. Now we find that these shameful things were going on at that very time. Speaking in the house on Tuesday, February 16, 1937, just two years ago, I referred to the profits made during the last war by private firms in both the United States and Canada. I pointed out how twenty-two meat packing firms, sixteen cotton yarn manufacturers, thirty-nine garment manufacturers, fifteen steel plants and rolling mills, and 135 coal producers in the United States reported to the government profits of 100 per cent or more, while twenty-one firms reported profits of over 500 per cent but under 1,000 per cent, and fourteen firms reported profits of over 1,000 per cent. I pointed out also how 21,000 new millionaires were created in the United States and between 600 and 700 new millionaires in Canada. And while this was going on, every day while the great war lasted, 20,000 men and boys were killed, wounded or taken prisoner, and during the course of the conflict 40,000,000 people died of wounds, famine and pestilence. To meet the total cost of the war, $337,000,000,000, would require a payment of $20,000 an hour from the birth of Christ to the end of the world war. Then, with particular reference to profiteering in Canada I said:

What guarantee can the government give that there will be no war profiteering? What assurance is there that at this very moment our natural resources are not being turned into instruments of war? What firms in Canada are at present engaged in the manufacture of armaments, munitions and war supplies for Great Britain or any other countries? What profits are actually being reaped by Canadian concerns through the provision of such materials? And—perhaps more serious than all else—what guarantee have we that our youth will not be expected to face the very arms and be targets for the very munitions that are now being exported from this country?

The government did not answer these questions; they were not willing to take even a few days to investigate them in accordance with the terms of my resolution. I am therefore supporting the motion to refer this contract to the public accounts committee, where I hope we shall be given an opportunity to investigate these matters fully.

The Minister of National Defence (Mr. Mackenzie), speaking in Edmonton on March 6, 1938, is reported in the Edmonton *Bulletin* of March 7 as having stated, "The real evil is an unequal and uneven distribution of purchasing power," and he added, "Progressive Liberalism, animated by its basic belief in 'equality of opportunity and equality of sacrifice' will relentlessly labour for a more equitable distribution of wealth." And the paper added that this statement was made amid ringing applause. I wonder whether that audience would have applauded so loudly if they had realized that, as a result of the policies of the Liberal party, after seventy years of "relentless labour" in support of those policies, at the very moment the hon. gentleman was speaking, 4,000 families in Canada were receiving average incomes of $150,000 a year each, 16,000 families were receiving an average of $39,000 a year each, 536 persons had in their bank accounts, on an average, $287,500 each, while at the other end of the scale Canada's 3,000,000 farmers were receiving an average income per family of $474, and 98 per cent of all the wage-earners in Canada were receiving an average income of $668 a year. The way the minister "labours relentlessly" for a more equitable distribution of Canadian wealth, based upon "equality of opportunity and equality of sacrifice," is to hand a fat contract to a bunch of stockbrokers, lawyers and armament racketeers to enable them to plunder the Canadian people out of a million dollar stock watering profit, besides enormous operating profits, to be added to their already large incomes.

Why is it that public opinion on this continent is so thoroughly aroused against profiteering in armament making? In my opinion it is undoubtedly on account of the wide publicity given to the Nye committee findings in the United States, and to disclosures made in the French Chamber of Deputies and the British House of Commons. And Colonel Drew, in his article in *Maclean's* magazine and others which he has written in the past, and other writers of books and articles, have done a great deal to arouse public opinion by bringing these matters to light. It was because of this aroused public opinion that our representatives at the League of Nations assembly have always advocated public ownership and operation of armament factories. We all know the story of Sir Basil Zaharoff, who made a fortune estimated at from two hundred million to a billion dollars from the sale of the instruments of death, and as a reward was knighted by the British government; how he was consulted in 1917 when there was a possibility of achieving peace through the intervention of the United States, and Lord Bertie, British ambassador to France, recorded in his diary, "Zaharoff is all for continuing the war jusqu'au bout." It is not surprising that an armament racketeer should want to continue a murder racket out of which he was making millions of dollars a month, but how do we explain the fact that he was a close confidant of the British Prime Minister; that he was consulted as to whether or not the war should go on; that he was knighted by the same Prime Minister as a reward for his "services" and that later from the hundreds of millions of dollars reaped in that harvest of death out of the blood, tears, agony, disease, debt and death of the world's common people, he endowed chairs in literature at Oxford university and the Sorbonne, naming them the "Foch" and "Haig" chairs to perpetuate his gory fame?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ROWE (Athabaska): Mr. Speaker, when the house rose at six o'clock I was discussing the activities of armament manufacturers, and the manner in which they have managed to worm themselves into the confidence of governments and, incredible as it may seem, to become the close personal advisers of ministers of war and prime ministers. The manner in which Major Hahn became the representative of the Canadian Department of National Defence and also won the confidence of the British war office suggests that while the original Zaharoff has

long since gone to his well deserved reward, his familiar technique and his spirit go marching on.

Before leaving the subject of Zaharoff, and to indicate the way in which armament racketeers go about their work, may I quote a passage from Guiles Davenport's book *Zaharoff* published by Messrs. Lothrop, Lee and Shepard. I quote the following from page 157:

> Sir Frederick Borden, Minister of Militia under the Laurier government of Canada, was in London several years before the world war. He was royally fêted by the directors of Vickers. Concluding a formal dinner one evening, he was surprised to hear an unnamed Vickers director use these words, "Business is bad. But how could it be otherwise with a man like Campbell-Bannerman in office? Why, we haven't had a war in seven years!"
>
> That same evening Sir Frederick heard variations of the same complaint from several Vickers men, who were as one, agreed that "Campbell-Bannerman was constantly upsetting their plans with talk of disarmament."
>
> Surely disarmament could have held little appeal to Zaharoff and his associates if they are to be judged by such expressions of opinion.

It is also a matter of record that this same ghoul controlled banks and newspapers in France, Greece and other countries, since armament racketeers find it necessary to be in a position to mould public opinion so that people will think what they are told to think.

The Minister of National Defence expresses great confidence in the ability of the British government. At page 2389 of the evidence, in reply to a question from Mr. Hellmuth, the minister is reported as saying:

> I think too highly of the British to think that they would take anybody else's viewpoint but their own; they are pretty canny people over there.

I agree with the minister, that they are indeed "canny"; for they are even more zealous than he appears to be in the interest of the armament manufacturers. May I tell the minister that over in Great Britain they go in for armament profiteering in a really big way. I pointed out to the house a few days ago a quotation from a London magazine entitled *Peace*, in which it was stated that the armament profiteers have never in history, not even during the great war, reaped such a harvest as in the past twelve months. The total profits of thirty important iron and steel companies were placed at £11,747,074 in 1937, an increase of 239 per cent over the profits made by the same companies in 1934, while at the same time 90 per cent of the British people cannot afford the $12.50 a week for food which is considered necessary for an adequate diet. Thirteen and a half millions of them are undernourished, and thirty-four million out of their forty-six million people have to live on an average per family income of less than $500. In his speech in the United States senate on March 6, 1934, Senator Gerald P. Nye, in calling for an arms probe, pointed to the fact that Armstrong-Vickers considered $4,500,000 a year profit so unsatisfactory that insurance against its dropping below that figure was taken out with the Sun Insurance Company. He also mentioned that among the prominent shareholders of Vickers or allied concerns in 1932 were the Right Hon. Neville Chamberlain, then Chancellor of the Exchequer, Sir Austen Chamberlain, M.P., winner of the Nobel peace prize in 1925, Sir John Simon, Secretary of State for Foreign Affairs, and a long list of politicians, clergy and members of the aristocracy.

An article appearing in the magazine *Ken* of November 3, 1939, by Ladislas Farago refers to the fact that Neville Chamberlain, the present Prime Minister of Great Britain, has 833 preferential and 5,414 ordinary shares in Imperial Chemical Industries. This company is engaged in the manufacture of war materials, and interlocks with International Nickel.

I think we should consider ourselves fortunate that we have an opportunity to nip these budding Zaharoffs before they have a chance to entrench themselves too deeply in our national institutions. We certainly have nothing to learn from European politicians and armament racketeers.

In 1921 the League of Nations commission which had been appointed to inquire into the problem of the private manufacture of arms came to the following conclusions:

> 1. That the armament firms have been active in fomenting war scares and in persuading their own countries to adopt warlike policies and increase their armaments;
>
> 2. That armament firms have attempted to bribe government officials both at home and abroad;
>
> 3. That armament firms have disseminated false reports concerning the military and naval programs of various countries in order to stimulate armament expenditure;
>
> 4. That armament firms have sought to influence public opinion through the control of newspapers in their own and foreign countries;
>
> 5. That armament firms have organized international armament rings, through which the armaments race has been accentuated by playing off one country against another; and
>
> 6. That armament firms have organized international armament trusts which have increased the price of armaments to governments.

I have referred to the fact that over a million dollars in stock profits were made by the present Inglis firm, and I wish now to place on the record evidence as to just how that was done. I quote from sessional paper 92A, volume 23, for Friday October 28, 1938.

Mr. J. E. Hahn was being questioned by Mr. Hellmuth, as follows:

Q. He was selling for roughly speaking $1,400,000, leaving out the $30, what he purchased for $250,000, is not that so?
A. That is correct.
Q. That is about six times what the property was acquired for?
A. That is correct—what I believe its value to be.
Q. I did not ask you that question, Major Hahn. Don't you think you can answer my question?

In conclusion I should like to ask the Minister of National Defence to explain just why Mr. Elliott, in giving his evidence as to supplying memoranda to the interdepartmental committee, made the statement to which I referred this afternoon to the effect that he and his assistants were not given sufficient time so to draft the clauses to be inserted in the agreement that the public might have been properly protected.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, I desire immediately to thank the Canadian Commons for the kind heart which it always retains. I think it is immediately a recognition of the most unfair attack made in the course of Canadian political history. In my judgment, sir,—and I desire to-night to discuss the issues as fairly, calmly and moderately as I can—there has never been in the whole course of our Canadian history—and I am a great lover of that history—a more sustained campaign of political calumny than has been directed against the present Minister of National Defence and the officials of his department.

I do not think the reputation or personality of a minister is very important in this debate. There is something far more vital and far more important to the Canadian people, and that is the permanence and the security of the department over which I temporarily preside. And that department is being assailed at the present time from two angles. During the course of this debate we have seen the most sinister alliance in this house, one attack coming from a peculiar political philosophy, to your far left, Mr. Speaker, a philosophy which has attacked my estimates in the last three years with a sustained malevolence, and the other coming from the old Tory party of Canada, which did more to destroy national defence between 1930 and 1935 than was ever done before in the history of the Dominion of Canada.

I feel like following the admirable course followed by the hon. member for Trinity (Mr. Plaxton) and deferring my observations until the standing committee on public accounts has reported back to this house. But I have been entrusted by my Prime Minister (Mr. Mackenzie King), as well as by my colleagues, with the support of this House of Commons and the confidence of this country. I want to assure my hon. friends in the Commons to-night that George Drew was not the Minister of National Defence for the Dominion of Canada. The splenetic dominie, the hon. member for Mount Royal (Mr. Walsh), is not the Minister of National Defence for Canada. This quibbling romancer, the hon. member for Weyburn (Mr. Douglas), or his cynical colleague, the hon. member for Rosetown-Biggar (Mr. Coldwell), is not the head of the Department of National Defence. Mr. Ian Mackenzie, of loyal highland Scotch descent, is the Minister of National Defence for the Dominion of Canada.

An hon. MEMBER: Scotland for ever.

Mr. MACKENZIE (Vancouver): Yes, Scotland forever, and I do not need anything from the Prussian mentality of the hon. member for Waterloo South (Mr. Homuth).

Mr. HOMUTH: Mr. Speaker—

Some hon. MEMBERS: Sit down.

Mr. HOMUTH: I rise to a question of privilege. I never ask any quarter from any political opponent and I am not asking for quarter now. The hon. member has made—

Some hon. MEMBERS: Question.

Mr. HOMUTH: He called me a Prussian.

An hon. MEMBER: No, he did not.

An hon. MEMBER: Prussian mentality.

Mr. HOMUTH: I was born a Canadian and my people were born Canadians. I want the minister to retract that statement.

Mr. MACKENZIE (Vancouver): As a result of the knowledge I have I say now that the hon. gentleman who arrived here only a week ago has never been loyal to party or principle in all his life.

Mr. HOMUTH: Mr. Speaker—

Mr. SPEAKER: Is the hon. member for Waterloo South (Mr. Homuth) rising on a question of privilege?

Mr. HOMUTH: I certainly am.

Mr. MACKENZIE (Vancouver): I want to say to my hon. friend that when new members come into the Canadian House of Commons they are supposed to exercise ordinary courtesy and display ordinary decency and common sense.

An hon. MEMBER: What about the old ones?

Mr. MACKENZIE (Vancouver): I am in the judgment of the house when I say that

there has never been a more vindictive attack made upon anyone than that which has been made upon me by this man who has just come into the House of Commons.

Mr. HOMUTH: Try to refute me.

Mr MACKENZIE (Vancouver): My hon. friend has said nothing worth refuting.

Mr. MANION: I rise to a point of order. I thought the minister was going to withdraw his statement.

Mr. McLEAN (Melfort): Withdraw what?

Mr. MANION: The statement was made that the hon. member for Waterloo South (Mr. Homuth) was never loyal to any party or principle in his life. If there is anything unparliamentary that could be said, that is it. I appeal to you, Mr. Speaker, to keep order in this house, and I submit that the minister must withdraw those words.

An hon. MEMBER: Not at all.

Mr. MACKENZIE (Vancouver): Mr. Speaker—

Mr. HOMUTH: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. HOMUTH: I rise again to a question of privilege. I ask the Minister of National Defence to withdraw the remark he made.

Mr. MACKENZIE (Vancouver): If those in opposition—

Mr. MANION: I want a ruling on the point of order.

Mr. SPEAKER: I have not been able to hear what the minister has to say.

Mr. MACKENZIE (Vancouver): The declaration of political principles made by the hon. member for Waterloo South in years gone by—

Mr. HOMUTH: And I have lived up to every one of them.

Mr. MACKENZIE (Vancouver): —in which he attacked in the most unblushing terms the Tory party to which he now pays allegiance—

Mr. MANION: I appeal for a ruling on the point of order.

Mr. MACKENZIE (Vancouver): My hon. friends evidently desire to interrupt the course of my remarks.

Mr. MANION: Are we going to have a ruling?

Mr. MACKENZIE (Vancouver): I have been under attack.

Mr. SPEAKER: As I understand it, the hon. leader of the opposition and the hon. member for Waterloo South are taking exception to the remark made by the hon. minister regarding the loyalty of the hon. member for Waterloo South.

Mr. HOMUTH: No.

Mr. SPEAKER: As I understand it, the loyalty of the hon. member has never been attacked by the hon. member who is speaking. He referred to certain matters which he knew about the hon. member, but that is not saying that the hon. member is disloyal.

Mr. MANION: He did not say he was disloyal. He said he had never been loyal to any party or principle. What kind of man is not loyal to any principle?

Mr. SPEAKER: I did not understand him to say he was not loyal to principle. I understood him to refer to the political loyalty of the hon. member, which is a different matter.

Mr. HOMUTH: I rise to a question of privilege and ask that *Hansard* be read so we can see whether the hon. minister said that I had never been loyal to party or principle.

Mr. SPEAKER: That has never been done before in the house.

Mr. MACKENZIE (Vancouver): I have been attacked and vilified for a whole week in this house and when I endeavour to assert my position—

Mr. HOMUTH: Mr. Speaker, I rise to a question of privilege to ask if you are going to rule whether the Minister of National Defence must withdraw the statement he made.

Mr. SPEAKER: There was so much noise that I could not hear the last statement.

Mr. MACKENZIE (Vancouver): If it will assist in the obvious reluctance to hear the minister under attack, I shall be very glad indeed to withdraw the word "principle" in regard to the remark I made with reference to the hon. gentleman. I trust that will assist us all in proceeding with the discussion of the issues under consideration.

May I outline to my colleagues what has occurred with reference to the issues now in debate? In the first place, last September in a nickel journal there was an article written by a man called Drew in which he did not have the manhood to make charges against the gentleman who is now addressing this house. Replete as that article was with insinuations, innuendoes, assumptions and allegations, when that man came before the

royal commission which was appointed promptly by the Prime Minister he never called a single witness. He never brought a single person, not one individual, in the whole Dominion of Canada, to prove any insinuation or assumption or innuendo or allegation that he had made in that article.

Hon. gentlemen opposite speak about tenders. There were present before that royal commission seven witnesses called by that most brilliant and gallant fellow, Layton Ralston.

An hon. MEMBER: Another grafter.

Mr. MACKENZIE (Vancouver): There is not a finer Canadian to-day in any province than Colonel J. L. Ralston. So high was his sense of public duty and public service that he undertook his duties in this particular investigation without a single cent of remuneration to himself for the long ten or twelve weeks of the investigation here in the city of Ottawa. And yet somebody called a man like that a grafter.

An hon. MEMBER: The hon. member for Parkdale (Mr. Spence).

Mr. SPENCE: He made thousands before that.

Mr. MACKENZIE (Vancouver): If he made them he had qualifications for making them, better than my hon. friend has.

Mr. SPENCE: No doubt, but he got them just the same.

Mr. MACKENZIE (Vancouver): The hon. member for Vancouver North (Mr. MacNeil) has moved a resolution to refer to the public accounts committee certain developments resulting from the royal commission. Let me recount what has taken place.

As soon as this article was published, the government immediately granted a royal commission presided over by one of the ablest jurists in the Dominion of Canada, and the only thing the Tory party has done in this debate in the Canadian Commons has been to attack the report of Mr. Justice Davis, who was appointed by their own administration in 1935.

Look at the consistency of this thing, Mr. Speaker. The hon. member for Vancouver North, who has done more to destroy the Department of National Defence than anyone else by his resolutions in the last three years moved a resolution to refer this question to what? To a standing committee of this house for further investigation. The hon. leader of the opposition (Mr. Manion) moved an amendment to have the matter discussed in this house. Well, while that amendment was defeated, it was at the same time carried because they have had all the discussion and all the debate, and more than they wanted, as they know now to their cost, right here in the House of Commons.

Mr. MANION: No. You have had more than you want.

Mr. MACKENZIE (Vancouver): No, I have not. I stand here to-night and I say I have nothing to retract, nothing to explain.

Then we find my ancient and honourable friend from Kootenay East (Mr. Stevens), whom I have met before in combats on the hustings, moving another amendment, and what was that? Yes, I will meet him again if he dare come into Vancouver Centre, and I challenge him to come and fight me there on this very issue in the next election. What was his amendment? It was an amendment to have this question referred to a committee of the whole house. Every member of this house knows that as soon as the estimates of the Department of National Defence are moved into committee of supply, every single detail of this and any other contract can be questioned in committee of supply. What do they want? Do they want a parade of the permanent officers of the department before the bar of this house, in committee of the whole? That is the silliest, most nonsensical, most ridiculous amendment ever produced for the consideration of this house. I am surprised and somewhat sorry that my hon. friend from Kootenay East, because I must commend the restraint and the dignity of his speech, was conscripted by his party to submit to this house an amendment of such a superbly and supremely asinine quality.

Here we have, Mr. Speaker, the hon. member for Vancouver North. Here we have that grand aggregation of red-flaggers.

Mr. COLDWELL: Defend your position. Never mind us.

Mr. MACKENZIE (Vancouver): I am trying to defend Canada, and you are doing your damneddest to destroy my efforts. That is what you are doing, you and your ilk. We have the semi-communist wing of Canada—

Mr. WOODSWORTH: Mr. Speaker, I rise to a point of order. The minister has designated our group here as a semi-communist organization. That is absolutely untrue, and I ask that that statement be withdrawn.

Mr. MACKENZIE (Vancouver): Mr. Speaker, I have the greatest pleasure in accepting the apology of the hon. member for Winnipeg North Centre.

Mr. WOODSWORTH: Mr. Speaker, I ask that that allegation be withdrawn. I am not one of the new members of the house; I have been here long enough to believe that on the whole the members of this house are fairly decent, and I think the Prime Minister will agree that it is not right that even his minister should be allowed to make statements that are untrue. I say that that statement is untrue, and I ask that the minister withdraw it.

Mr. MACKENZIE (Vancouver): If my hon. friend objects to the appellation, "semi-communist," I do most willingly and with the utmost alacrity withdraw it; but I do say this, that there have been evidenced in Canada in recent months elements of a semi-communistic nature that have been endeavouring to tear down what this government has been trying to do, namely, to build up national security, national defence and national welfare in the Dominion of Canada.

Mr. WOODSWORTH: Mr. Speaker, all I ask is that the statement made by the minister be withdrawn.

Mr. SPEAKER: Is the hon. gentleman rising to speak on a question of privilege?

Mr. WOODSWORTH: I rise to a question of privilege, Mr. Speaker, the same question of privilege. I have stated that the statement made by the minister is absolutely untrue and I ask that he withdraw it.

Mr. LAPOINTE (Quebec East): He has withdrawn it.

Mr. WOODSWORTH: Unconditionally.

Mr. MACKENZIE KING: I understood the minister to withdraw it.

Mr. WOODSWORTH: I did not so understand it.

Mr. LAPOINTE (Quebec East): We all did.

Mr. SPEAKER: I do not understand that the hon. member is in contravention of the rules of the house in speaking of certain elements that have been disruptive and doing work of a semi-communistic nature in this country. I do not think his remarks were directed to the hon. gentleman who has just risen.

Mr. WOODSWORTH: As a matter of privilege, Mr. Speaker, the hon. member for Vancouver Centre went on to speak of certain elements that were creating difficulties. I have nothing to do with that latter statement of his, but previously the minister distinctly made the statement in reference to our group that we were semi-communist.

Mr. DUNNING: He never mentioned your group.

Mr. MACKENZIE KING: I do not think the member for Winnipeg North Centre heard what the minister said. He said that he would withdraw the remark with alacrity and he did so completely. Then he went on to speak of conditions in this country, not in this house.

Mr. SPEAKER: I did not understand that those conditions applied to the hon. gentleman who raises the question of privilege.

Mr. MACKENZIE (Vancouver): If my hon. friend has any doubts at all, I repeat the withdrawal that I made some minutes ago. But I say this—and I know whereof I speak—that there are to-day in this dominion elements that are endeavouring to tear down what we are endeavouring to build up for the security and welfare of our people. I say to my hon. friends of the Tory party opposite —and I know whereof I speak; for I have here the record of cold facts—it is all very well to speak about world ideas developing towards international disarmament, but between 1930 and 1935 the Conservative party in Canada did more to destroy national defence than has been done by any party since confederation. The facts speak for themselves. Last year they said, "Oh, do not put defence into politics". What have they done? Not only have they tried to destroy those gallant fellows, the permanent officials of national defence, who cannot speak for themselves; they have tried to destroy the minister. The minister is really of no importance except purely temporarily in relation to the conduct of national defence. There is something more vital, more enduring, more abiding for the security of the Canadian people. Do not disturb or destroy the morale and fibre of our great Department of National Defence.

I come to the motion of the hon. member for Vancouver North (Mr. MacNeil), to the first amendment of the leader of the opposition (Mr. Manion), to the second amendment of the hon. member for Kootenay East (Mr. Stevens), and, now, to the findings of the royal commission. What were those findings? There were two essential points. No wrong-doing—not the finding my hon. friends hoped for—and, nothing wrong with the form of the contract—which hon. members opposite have been attacking all week. Every Tory in the house has been attacking during the last five days the findings of Mr. Justice Davis.

Some hon. MEMBERS: No.

Mr. MANION: We have been supporting his findings.

Mr. MACKENZIE (Vancouver): The leader of the opposition so far forgot himself, when he could not find anything to attack in the actual findings, as to picture imaginings, figments of his own fertile Hibernian imagination, in place of the findings of Mr. Justice Davis. I desire to say this: As far as my conduct of affairs has been concerned it has been honest, honourable, and devoted wholly to the public service and the public interest.

In my sworn testimony I told the royal commissioner how the letter of introduction was given; how Major Hahn went to England; how he found it impossible to get access there to information which he, in a spirit of great national service, offered to the national defence department—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE (Vancouver): Hon. members may laugh, but that is the truth.

Mr. SPENCE: No wonder we laugh at that, coming from a brilliant man like the minister.

Mr. MACKENZIE (Vancouver): —how in 1937, during the time of the imperial conference, a definite policy was laid down with reference to the Canadian government acting as agents for the acquisition of munitions or supplies; how the war office telegraphed here on November 9, 1937, and told the Canadian government that they were definitely placing an order with this particular company for 5,000 Bren guns; and how from then on until, on March 17, the contract was signed, the pressure was entirely from the war office upon Canada and not from Canada upon the war office. To-night we have this situation, that for the first time since the war we have joined hands with the motherland in a contract to get guns for the defence of Canadian boys, and the Tories assail it and attack it as something vicious and malicious in every detail. The vital factor in this situation is that the contract was authorized by the British government by telegram on November 9, 1937, months before the contract was signed by the government of Canada, and that as a result of these complementary contracts we are to-day saving the taxpayers of this dominion over $1,300,000 in the actual cost of production of these guns.

Then the opposition ask, why no competitive bids? But when the experts were called, Colonel Drew was asked—it can be seen in the evidence—"Do you wish to hear these men?" and he said, no. The man who made the accusations, the man responsible for the insinuations and innuendoes, when he was asked if he would like to call these many industrialists of Canada who were suggested by the interdepartmental committee, answered, no. What is my hon. friend's answer? My hon. friend said the other day that he knew of five firms. I should like to see them called.

The hon. member for Vancouver North spoke of "rampant political patronage." I defy him now to prove any suggestion of political patronage in regard to this transaction and this contract. Let me remind the house of what I said last year when the hon. member for Winnipeg North Centre (Mr. Woodsworth), for whom I have great personal respect, had asked certain questions of myself as minister. Answers were made to those questions. He is an old parliamentarian; he has been in this house longer than I have; he knows how answers are prepared to questions put to ministers. Immediately I saw that he criticized the answers which were given him, I got in touch with the highest qualified officials of this house, and I was told that the answers were absolutely properly and correctly made. I can assure my hon. friend now as I did a year ago that if there was, not suppression, but any lack of enlargement of information, it certainly was not at the desire of the Minister of National Defence. From the first day to the last I have had nothing to conceal with regard to this matter. The subject of contracts was discussed in this house on February 14, 1938. Here am I, the Minister of National Defence, the apostle of deceit, speaking in reply to Mr. Bennett, my much esteemed friend who has now gone to other spheres of activity.

Might I suggest to my right hon. friend that I would be very willing indeed, if he would be good enough to specify any particular contracts, to get the information as soon as possible. I would suggest also to members of the house that in order that information may be made readily available to all members, all these contracts, or as many of them as may be considered necessary should be referred to the public accounts committee.

That was the statement of the present Minister of National Defence on February 14, 1938, in answer to a motion of the then right hon. member for Calgary West. All these contracts were tabled. Those which were not tabled at the close of the session were tabled on the first day of the present session. Then there was a press release on May 5, 1938, which was in evidence before the commission, and which gave all the information about this particular contract relative to Bren guns. And then there was a discussion.

Mr. DUNNING: This house was still in session.

Mr. MACKENZIE (Vancouver): It was presented to the Canadian Press and circulated all over Canada two months before this house rose.

Who dares accuse me of concealment or evasion? Again, in this house on June 22, 1938, the hon. member for Vancouver North asked questions which were fully answered. The hon. member for Winnipeg North Centre asked questions which were answered in detail and he was referred to the discussion that took place on the estimates. So that on five different occasions during last session every opportunity was afforded every member of this house to hear every single detail with reference to this contract. And now they say that the Minister of National Defence was endeavouring to conceal some of the essential elements and principles, and fundamental features of the contract.

In regard to the contract itself, I said in this house last year that I thought it was one of the best contracts ever signed for Canada; I say that to-night from my place in the house, and I know what the opinion of eminent business men is with regard to the contract. Even Drew before the royal commission, when he came to discuss the contract itself, spent exactly two and a half minutes in referring to its clauses and details. It is a contract that has been carefully prepared in the public interest of the dominion. It is a contract that is much stiffer in its provisions than the contract signed by the British government with the same contracting firm.

As regards the activities of Major Hahn, they ask, why select Hahn? I say, why not?

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE (Vancouver): Why not? He is a gallant Canadian soldier and a former intelligence officer, a man of principle, integrity and loyalty, an astute industrialist and an able business man.

An hon. MEMBER: Good brains!

Mr. MACKENZIE (Vancouver): Yes, a man who served overseas. And then, because of some malign and nefarious motive which I cannot understand, it is said, "Oh, there is something sinister here; why select Hahn?" I do not know Major Hahn very well, but I do know from reports which I have received that the preparations of that firm with respect to their schedules having reference to this contract are up to date, and they will be delivering spare parts for the Bren gun by July next, beating all records of Enfield and of Australia in connection with the production of Bren guns. That is the answer.

There is possibly not much more that I can say at this stage, but I want to repeat what I said at the commencement of my remarks. Since I was honoured by the most brilliant Prime Minister that Canada has ever had—

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE (Vancouver): Since I was honoured by him with the administration of a portfolio—it was not at that time as important as it is now, having been somewhat neglected by those who preceded us, but to-day it is second in importance possibly only to that presided over with equal ability by my colleague, the Minister of Finance (Mr. Dunning)—I have regarded the obligation as a matter of sacred public trust, and I still so regard it, despite the present attitude of the leader of the opposition.

Mr. Speaker, I have the greatest admiration for this country, for your wonderful race, who for one hundred and fifty years have been the pioneers of settlement, the race that has produced great missionaries; and in the last one hundred and eighty years my own people of the British motherland have given us our institutions of British freedom and our parliamentary liberties—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE (Vancouver): —something which the Tories are trying to suppress and destroy at the present time. I say that a sinister combination of fascism and communism will never destroy the efforts of a free and unfettered Liberalism.

Mr. DOUGLAS (Weyburn): Profiteers will.

Mr. MACKENZIE (Vancouver): Will my hon. friend rise in his place?

Mr. LAPOINTE (Quebec East): Weyburn again.

An hon. MEMBER: Make a charge.

Mr. MACKENZIE (Vancouver): Will he rise in his place?

An hon. MEMBER: Shame; you haven't enough courage to make a charge.

Mr. DOUGLAS (Weyburn): Do you want me to help you with your speech?

Some hon. MEMBERS: Stand up.

Mr. SPEAKER: Order.

Mr. MACKENZIE (Vancouver): I repeat, sinister influences cannot destroy or disturb or impair or retard the considered conclusion

and determination of Liberalism in Canada to provide such measures of national defence and security as will preserve the welfare and well-being of our Canadian people.

Possibly more than anyone else in this house I have endured the slings and arrows of outrageous Tories in the last few days, but personal attacks upon myself are of minor consequence. But when this debate is concluded; when a new measure is to be introduced for the establishment of a defence purchasing board for Canada, I do appeal to all parties, to all members in this house, to unite their voices and their forces to ensure that that board will be above any suspicion and beyond all reproach, and that in conjunction with it the Department of National Defence shall be permitted, after these malicious, vicious and meretricious attacks, to carry on its real work in preparing the defence of this dominion. I appeal to my hon. friends who have practically all spoken in this debate, except that grand old Nestor who is to succeed me, the hon. member for St. Lawrence-St. George (Mr. Cahan)—

Mr. CAHAN: Postpone the compliments, until you have heard what I have to say to-night.

Mr. MACKENZIE (Vancouver): I do appeal to all my hon. friends opposite, when this debate has been concluded and these issues are decided; when these disputations are ended, to unite in that task which is the grandest of all, the defence and security of our common country and heritage.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I trust that I shall not be provoked, by the language which the minister has used, ostensibly in self-defence, into making any similar characterization of him or his colleagues. This debate on the report of Mr. Justice Davis, and the terms of that report, have served to bring into notice two or three facts which are commendable and satisfactory. It has revealed that in the person of Lieutenant Jolley of the Canadian ordnance corps, now employed in the ordnance branch of the department, we have a young officer who by his intelligence and industry has laid the foundation for what I believe will be a very successful career in the civil service and the military service of this country. I do not know him; but, on reading the evidence which he gave and having in view the circumstances under which he gave it, I am glad to have it known that there exists a young officer of his character and attainments in that branch of the service. Then there is another young officer, with whom I am not acquainted, Colonel Orde, judge-advocate general of the Department of National Defence, who was called upon without any expert assistance to draft a very important contract. From personal experience I know something of the difficulties which he encountered, having no expert advice in that matter. I have no desire to commend myself in any way, but I have drawn more contracts dealing with munitions than almost any number of other lawyers in Canada. In the early months of 1915 I drafted contracts representing many tens of millions in value for which the British government was paying contractors in the United States. On account of having been one of the firm of attorneys formerly employed by the war department and the admiralty for some years, I was asked to see to the proper drafting of those contracts; contracts dealing with the intricate machinery of war, as delicate and complex, I have no doubt, as that of the Bren gun. But I had the good fortune, having so insisted, to have at my elbow some of the best expert advice, and to that expert advice is due the fact that those tens of millions of dollars worth of contracts, although some of them appeared in the courts, were never seriously brought into issue in the courts. Therefore I know something of the position of Colonel Orde, whom I judge by his evidence to be a young lawyer—

An hon. MEMBER: Not so very young.

Mr. CAHAN: I do not know how old he is, but I understand he is a young gentleman.

Mr. POWER: Aged forty-five perhaps.

An hon. MEMBER: Or fifty.

Mr. CAHAN: Well, even that is young. I am grateful that they have these young men who are growing up and developing, for the performance of essential duties in that branch of Canada's service. Then there is another gentleman whom I knew quite intimately at one time as Colonel LaFleche; he is now General LaFleche. In the province from which I come General LaFleche and all those officers who served with him during the great war, and especially some of his colleagues in the famous 22nd regiment, are regarded with the highest possible esteem by all sections of our community. Having read a considerable part of the evidence, I suggest that no reflection can be cast upon General LaFleche, deputy minister of the Department of National Defence, who, loyal as he was in his military service, undoubtedly was equally loyal as the deputy of the present Minister of National Defence (Mr. Mackenzie). Knowing and appreciating General LaFleche to be a man of honour, I think it is clear that in all he did he believed he was carrying

out the policy of the minister of the department and the instructions which the minister had given in the carrying out of that policy. Therefore any criticisms of the actions of the deputy minister must be met by the minister himself, who in his evidence has said that he takes full responsibility.

The commissioner, Hon. Mr. Justice Davis, was appointed by order in council. In that order in council he was instructed to inquire into and report upon the steps to be taken to protect the public interest. He was dealing in a large way not only with the past, but with events of the past in relation to the future, so that the future policy of this department and of the government may be carried out effectively in the best interests of the country. This commissioner reported that he had spent thirty-six days in the taking of evidence and hearing counsel; that there were 4,122 pages of notes of evidence and 588 pages of the stenographic report of argument of counsel. To my mind—and I am expressing my own personal view—after that exhaustive examination into the facts, nothing essential to the discussion of the problem and our final decision upon the issues raised can be obtained by a reference to a standing committee of this house. In fact Mr. Justice Davis reported:

> Your commissioner is satisfied that all available documents in any way relevant and material to the subject matter of the inquiry were presented to the commission.

The real issue is, not whether more evidence is required in order thoroughly to elucidate this problem, but whether, taking into consideration the full report of the commissioner, there is evidence upon which the government of this country should take action, and, if there be failure on the part of the government, what action the parliament of this country should take, there being always in the background the knowledge that in the last resort the Canadian public will give their decision at the polls upon such issues as are presented. As a matter of fact, the Prime Minister (Mr. Mackenzie King)—and I wish to commend his actions in certain respects—early in the history of the Bren gun was evidently anxious to ascertain whether or not the Department of National Defence was taking all due precautions to protect the interests of the government and thereby the interests of the country.

He had known, as we all know, that the Minister of National Defence (Mr. Mackenzie) came to us accredited as a brilliant student and a graduate of the university of Edinburgh, one which all we Nova Scotians hold in the highest esteem, because the university which many of us attended and from which we graduated was really a branch of that great university of Edinburgh. In my day the professors, with few exceptions, were Edinburgh men. But the minister came also having some political experience in British Columbia, and I believe that he had some experience in the war, although I have no knowledge of what his war record was.

When he was appointed Minister of National Defence neither the Prime Minister and his colleagues nor the people of Canada knew whether this famous classical scholar from Edinburgh would prove adequate for the competent and effective administration of what was then becoming one of the most important branches of the administration of government in this country. It was a testing time for the minister. And I submit that the commissioner, well aware of the importance of that issue has decided—and I shall try to show where it is decided—that the Minister of National Defence has proved careless, negligent, incompetent and disqualified to carry out the administration of that high office, in the interests of the people of Canada and of the government which he represents.

Evidently the Prime Minister was somewhat anxious because he took what seemed to be the unusual course of appointing a special committee of which his own deputy, Doctor Skelton, was chairman.

Mr. MACKENZIE (Vancouver): General LaFleche.

Mr. CAHAN: I am talking about the Prime Minister's committee.

Mr. POULIOT: No; it was Nestor.

Mr. CAHAN: The Prime Minister appointed a special committee, of which his own deputy was chairman, to inquire into certain matters with regard to the furnishing of munitions and contracts relating to munitions, with the various departments of government, especially the Department of National Defence.

Mr. Justice Davis states that that special committee reported to the Prime Minister that the problem appeared essentially to be one of administration. The problem in the mind of the Prime Minister was as to whether or not there was adequate and competent administration of that great department. To him that was not a minor care, but rather a chief care, because as Prime Minister he has a responsibility with regard to the general supervision of all departments. No sooner did that special committee of the Prime Minister report than the matter was again discussed in council by and between the Prime

Minister and his colleagues. While we are not admitted to council and have no shorthand report of the discussions which take place, we do know there was an order in council passed, namely order in council P.C. 439 of March 5, 1937, which was put in evidence before Mr. Justice Davis as exhibit No. 46.

This order in council provided for the appointment of a special interdepartmental committee to consider ways and means with respect to the letting of contracts, the preparation of contracts, the signing of contracts, and as to making due provision against profiteering in munitions contracts. That interdepartmental committee was appointed and proceeded to function. May I say now by way of commendation that, having read the report of what took place before that committee and the action taken by it from meeting to meeting, I think the Prime Minister and the government are to be congratulated upon having men in the civil service who have not only the intelligence and the experience but the courage necessary to take the action they did take, action which was a real condemnation of the policy which the Minister of National Defence proposed to pursue.

Mr. STEWART: And did pursue.

Mr. CAHAN: Proposed at that time to pursue. Although I shall not read the whole of the order in council I shall read clause 2, which provides:

That the duties of this committee shall be generally to study and classify from the financial point of view the various requirements which the government's defence program involves, and when it is considered by the department concerned that effective competitive tendering cannot be secured in regard to any of its requirements, to formulate or advise upon such principles and safeguards, whether of a general or specific nature, which in this connection the committee considers should be observed, and to communicate to all departments concerned such information in this respect as the committee considers should be in their possession.

As a matter of fact, that committee met, and we have the evidence of Mr. Elliott of the Department of National Revenue, a gentleman whom all admit to be one of the most competent officers of the civil service at this date, with regard to proceedings before that committee. At pages 587 and 588 of the evidence Mr. Elliott states:

The committee began to take an active part in the sense of asking questions, and getting to grips with the problem. In so doing the committee indicated that competitive bids should be one of the main considerations, and one of the first considerations. We pointed out that there was a number of very substantial subsisting companies in Canada that were manufacturing precision tools, and had had experience in what we thought was this line of work. We felt that they should be consulted and given an opportunity to submit competitive tenders . . . The committee also thought there would be considerable time required for further consideration of the contract.

Mr. Elliott had this to say further of the meeting:

It early became clear to all members of the committee that there were two phases under consideration. One phase was that there might be competitive bidding, and it was the unanimous and earnest desire of everybody on the committee to secure competitive bids if possible. The second phase was the study of the terms of the contract in itself.

Then he goes on to say that of that committee a subcommittee made a report on January 13, 1938, which was put in as exhibit 50. The report reads in part as follows:

Having in mind the main committee's suggestion that competitive bids be called for, the subcommittee, as an indication only of the names of concerns from whom competitive bids might be asked, mention—

The Steel Company of Canada,
Dominion Bridge,
Canadian Car and Foundry Company, Limited,
Bertram Company,
National Steel Company,

and possibly automobile manufacturers who undoubtedly have suitable plants and precision tools, together with such others as, in the opinion of the main committee might be asked to tender.

That is included in the report of the main committee which was to be made to the various departments. It states that it was possible to obtain competitive bids and mentions a number of companies from which those bids might be obtained. With respect to that, this question was asked Mr. Elliott:

Q. What was the main subject of discussion at the second meeting, Mr. Elliott?

A. Competitive bids and why the John Inglis Company should get this contract, the financial status of the company and a number of other things.

The committee wanted to get price comparisons from other competent companies. They felt the lack of them in considering this individual contract. They kept urging for some method of competitive bidding and comparative prices being entered upon.

Undoubtedly that report was available to the Minister of National Defence. In fact, when the interdepartmental committee was dealing with such an essential question as whether or not the Department of National Defence was being adequately and competently administered, the Minister of National Defence should have been most urgent to find out and ascertain definitely and clearly the opinion of the interdepartmental committee. In fact, under the terms of the order in council appointing the interdepartmental committee he was bound to seek its advice and to give atten-

tion, although not exclusive attention, to that advice. I should like to quote a question put to the minister, which appears on page 8 of the report. It is:

> Q. You never did attempt in any method or any way to see what any one of these dozen or more well known companies, with skilled labour, skilled mechanics, who had been working in precision steel—well, let us take the automobile industry which makes the very closest parts and closest tolerances—no effort was made of any kind to see what they could do?
> A. The answer is "no." I do not think it was practicable.

I think that answer is sufficient to condemn the Minister of National Defence if it is alleged that he is a competent administrator of his department. Any man who knows anything of the possibilities of the manufacture of precision steel in this country knows that with our skilled mechanics—it is true that some of them are leaving to go to Great Britain—we can perform work of this kind efficiently and effectively with preliminary organization.

Let me relate an experience I had in connection with placing munitions contracts in America. I was in London in December, 1914, and as I was either going to or returning from the contract department of the war office, I was approached by someone representing the navy. He told me that they had learned I was from Canada, and he wanted to know if I could tell them if a factory could be found in Canada to manufacture a special instrument required by the navy. It was to be kept a secret and they were wondering whether it could be manufactured in Canada. I asked what tools and machines would be required, and when I was told, I gave him the name of the Robb Engineering company, at Amherst, Nova Scotia. I told him that I thought he would find that factory equipped with machines and men capable of manufacturing the instrument they required.

Mr. HOWE: Not as well equipped as the Inglis company.

Mr. CAHAN: My hon. friend does not know very much about it. It was better equipped. Two experts were sent out from the naval department to see the machinery at Amherst and I saw the report they made to the naval officers to the effect that there was not a single factory in England, outside Woolwich, so well equipped for that work.

Mr. POWER: Will my hon. friend permit a question?

Mr. CAHAN: I am not answering questions at the present time.

Mr. POWER: I just wanted to know if they called for tenders?

Mr. CAHAN: They found out that this company could do it.

Some hon. MEMBERS: Hear, hear.

Mr. CAHAN: On that point I can give my hon. friend considerable information if he wishes it. They did call for a tender from the Amherst factory, and that tender was compared with the prices or the costs in the government factory. They found they could be produced at Amherst for less than they were being produced at home.

Mr. POWER: Does my hon. friend approve that?

Mr. CAHAN: But we know what the practice is. There has been some question as to that; I can deal with it because after contracts to the amount of nearly $100,000,000 had been placed in the United States I was appointed as chairman of a board to see that those contracts were properly filled, and I know how the contracts were placed. They were placed, not by public tender in the United States, but we ascertained from the best information we could obtain the names of three or four or five companies who could manufacture the particular instruments required. Then we made inquiry into the financial standing of those companies; then competitive bids were obtained as between three or four or five competitive companies until we ascertained what bids were available; and in any doubtful case we compelled the prospective contractor to put up a bond of a guarantee company or a trust company for the due performance of the contract. I sometimes think that bonds of that kind in connection with work of that nature are futile because changes are often made as the work proceeds, and any change that is made in the terms and conditions and specifications tends to annul the contract. But there is this safeguard, that the guarantee company or the trust company which guarantees the contract has to make again, for the second time, a thorough investigation of the financial standing and mechanical ability of the company tendering. Nothing of that kind was followed here.

Mr. GLEN: Will the hon. member permit a question?

Mr. CAHAN: I am not going to answer any questions. I ask the Speaker to maintain order, because my time is rapidly passing.

The Prime Minister realizes, he must have realized because he is an experienced and competent administrator of the office of Prime Minister, what is necessary in such matters, and when the Minister of National Defence was off his job, as he appears to have been during the whole course and term of the Bren

contract discussion, the Prime Minister was on the job, and he stated, as it appears on *Hansard*:

At the present time, in a time of peace, the government is proceeding on the theory of permitting competition with reasonable remuneration, the work to be subject to inspection and audit.

I could go on and quote from the Prime Minister other statements to the same effect. He was in accord with the report of the special committee of the Prime Minister's office, that this was after all a problem of administration, and therefore he followed that course with respect to the other committee, the interdepartmental committee, which was to determine how effective administration could be procured, to the end that the necessary armaments and munitions might be obtained by the government, and obtained without undue profit on the part of the companies.

The Prime Minister had something further to say on September 12, 1936—and remember that the present Minister of National Defence was appointed to his office only in October, 1935, and in appointing him to that position the Prime Minister must have had some doubts. He knew, as we all do, that the Minister of National Defence was a great classical scholar, but that he had had no administrative experience before that, except such as he might have had as a lieutenant or captain in the king's service overseas. The Prime Minister also knew the qualifications essential for the position. It was not an ordinary appointment.

In the experience which I have had—and it is over fifty years since I sat in the press gallery here, and I think I have known every administration since, and largely the personnel of them all—ministers are appointed to office sometimes because of their good looks, sometimes because of certain popular qualities, sometimes because they are good public speakers able to deliver such a stump speech as that to which I am replying to-night, which we have just heard from the Minister of National Defence, and sometimes they are appointed for other qualities. But when it comes to two or three of the more important departments, the Prime Minister in selecting his cabinet is always desirous of obtaining men well qualified by intelligence and by experience to be competent administrators of such special departments.

The Prime Minister as early as 1936 was anxious to obtain, first, possibly, from his own committee, and second, from the interdepartmental committee, information on which the Department of National Defence might proceed carefully and effectively with the work. The Prime Minister received on November 9, 1936, as appears at page 24 of the report of the royal commission, a cablegram from the high commissioner in London, reading in part as follows:

In order to obtain information desired, war office must be requested to give Major Hahn, as representative of the Canadian government, access to information of a secret nature which normally is not given to other than government officials.

And the Prime Minister replied, on November 10, 1936, as appears at page 24 of the report:

You might request war office to give Major Hahn, as representating Canadian government in this particular, any information which they consider desirable and necessary to enable National Defence to reach conclusion on possibility produce Bren gun in Canada.

I am not emphasizing that from the point of view from which the previous discussion has proceeded; we will let that rest for the moment. But the Prime Minister felt that the department must be thoroughly provided with all the information necessary or expedient in order that it might proceed with such a matter as the manufacture of the Bren gun and the placing of contracts with other factories for its manufacture in Canada. Major Hahn, on that telegram, was admitted to the war office and into consultation with regard to the Bren gun. That is clear from Colonel Vanier's letter to Hahn of November 11, 1936, away back a long time ago, not long after the Minister of National Defence assumed office. Colonel Vanier says:

The war office have been requested to give you any information which they consider desirable and necessary to enable the Department of National Defence to reach a conclusion in the above matter.

Mr. SPEAKER: I am sorry to have to interrupt the hon. member, but I am told that he has exhausted his time to speak.

Mr. CAHAN: Might I be allowed a few minutes more, Mr. Speaker?

Mr. SPEAKER: The hon. member can proceed only with the unanimous consent of the house.

Some hon. MEMBERS: No.

Mr. CAHAN: Well, Mr. Speaker, I thank you. There will be ample opportunity again, because I can speak on the main motion, and I shall be glad to do so.

Mr. G. G. McGEER (Vancouver-Burrard): Mr. Speaker, I do not know of any occasion in the House of Commons which is just as important as the one that is before the house in this debate. I say that because it is probably one occasion, and possibly the only one, when a major party in the house

has refused to accept the findings of a royal commission as determining an important public matter in an extremely critical time not only for our own nation but for the peace of the whole world.

When the matter first arose it came in the form of an article published by an outstanding Canadian public man in a journal of general circulation throughout the dominion. It was probably one of the most critical articles that had ever been published in condemnation of a minister of the crown and a department responsible for the defence of the nation. The course taken by the Prime Minister (Mr. Mackenzie King) has been commended by everyone.

This article, not by formulated charge but by innuendo and inference, was, I think, intended to and, I firmly believe, did convey to the minds of everyone who read it that the Minister of National Defence (Mr. Mackenzie) was unworthy of public confidence; that there had been a granting of contractual privileges and an expediture of public moneys that were not merely negligent but fraudulent and designed to injure the public well-being and the public treasury for the benefit of persons preferred as friends of the administration.

It is true that since this debate has developed in the house, and after the findings of the commission, the more moderate attitude adopted by the hon. member for St. Lawrence-St. George (Mr. Cahan) has been taken. The leader of the opposition (Mr. Manion) also changed from the attitude of the article. I want to say that innuendo can be more deadly against public men than direct charges, because there is no limitation to the imagination aroused by innuendo, and there is nothing defined for the one suspected to meet. So we find the leader of the opposition declaring, "I am not charging corruption, neither is George Drew doing so."

Well, Mr. Speaker, that is not in line with the statements of the distinguished colonel. He is on record. Let us look at what he has to say about General LaFleche, the deputy minister of national defence and one of Canada's most distinguished veterans. He has been described by the hon. member for St. Lawrence-St. George as "the most honourable of men." Let us look at the record. At page 4300, in his charge to the commission, Colonel Drew says:

> Whether it be from the point of view of business interests, industrial efficiency or national security, nothing can be said, I submit, to justify this contract in any way. It was conceived in sin, born in iniquity and cloaked in fraud.

Mr. LAPOINTE (Quebec East): Shame.

Mr. McGEER: He could go no further than that, for that charge is all inclusive. No man associated with that contract so described could, in the mind of the distinguished gentleman making such a charge, be anything but guilty of creating and being the fraud that cloaked the whole contract. Let us look further. At page 4299 he deals more specifically with the minister and the deputy minister:

> I submit that every step which LaFleche has taken in the negotiations leading up to the Bren gun contract is, on the evidence, open to very grave suspicion, and I ask you to so find.
>
> I submit that for the part he played Mr. Mackenzie is open to even more severe condemnation.

At page 4294 he said:

> I submit that from the beginning to the end LaFleche's evidence is not to be believed.

Is this not a charge of corruption?

Now, Mr. Speaker, I want to draw another matter to your attention. It has been stated that the commissioner was unable to find as he would have found with regard to individuals had it not been for the objection raised by the counsel for the government on the interpretation of section 13. To whom were those objections as to technical interpretation addressed? To some innocent individual who was to be influenced by the argument of counsel? No, Mr. Speaker—to one of the most gifted and distinguished members of the Supreme Court of Canada, who was better able to interpret the law, the order in council and the commission under which he was functioning than any counsel in the room. But what I want to point out is that, had the distinguished colonel been correct in his submission, it was the duty of the commissioner to report that fact to the government, because no man whose evidence from end to end could not be believed when it was taken under oath could sit or hold a responsible position in any department of the government service.

We got a finding upon that point, and the finding is clear. At page 51 of this report of which we have heard so much the distinguished jurist says:

> I think it right to say that there is no evidence (nor is there in the evidence any ground for suspicion) that the minister or the deputy minister or any officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption.

It is important that if there is anything wrong in the administration of the Department of National Defence it should be corrected at this particular time or at any other time; but it is equally important that if there are

people in the land who are willing to cast suspicion and unwarranted condemnation upon the department at a time as critical as this they should be exposed. And that is why this matter should now go before the public accounts committee for investigation.

At page 642 of *Hansard* of February 6, the leader of the opposition says:

> Mr. Justice Davis eliminated anything in the way of any suspicion of corruption. I accept that; . . .

Normally that would end the matter; but the leader of the opposition qualifies his acceptance of Mr. Justice Davis's finding, which finding completely exonerates the government, the contract, the minister, the deputy minister, the interdepartmental committee, Major Hahn and the John Inglis Company, the hon. member for Trinity (Mr. Plaxton) and every other member of the House of Commons and the Senate. The finding is a complete exoneration, but the leader of the opposition says this, and I think it will be regarded as one of the most extraordinary statements ever made on the floor of the house:

> I say that Mr. Justice Davis, for reasons with which I shall deal briefly, felt that he could not come out and say distinctly that he condemned the minister or the government; he did exonerate them, of course, from anything in the nature of corruption. But in dealing with the methods by which the contract was put into effect . . . he did it in a sort of subtle manner by painting vignettes which he hung on the wall for each of us to see and come to his own conclusion.

Mr. Speaker, you might open the commissioner's report at random and find that it condemns by inference the methods by which this contract was negotiated.

Mr. MANION: Hear, hear.

Mr. McGEER: The leader of the opposition says, "hear, hear"; but probably time and reflection will have their effect. I should like to take the time to congratulate him upon his distinguished career and to wish him success in the future; but I know something of the weaknesses and the failings, and something of the troubles to which dynamic Irish minds are subject, and therefore I say in all sincerity that, largely, his success is measured by the degree to which he uses the brakes that are necessary for all Irish leaders. That puts this matter in an extraordinary light because we are in a new world as it were; we are in a new land and time as far as judicial interpretation or the interpretation of judgments is concerned. By this process of reasoning which the leader of the opposition has developed, where you repudiate the considered, signed statement of "not guilty"—

Mr. MANION: So far as corruption is concerned, yes, that is correct.

Mr. McGEER: —and by using pictures that illuminate the language of the author, you say to the judge, "Oh, yes, you said 'not guilty', but I am taking your vignettes, for therein I see 'guilty' ". Well, I think we are extremely fortunate in Canada in having a dual language nation. I am tardy myself in beginning, but I believe that every Anglo-Canadian in this dominion would be greatly improved if he learned to read, write, speak and think in the language of old France, just as I believe that every French-Canadian in this great dominion would not suffer from being able to do the same thing in the language of the other race. But I draw the line at this picture language. I do not want to have to plead, in courts where we are going to interpret judgments, in a language of pictures inspired and excited by Irish suspicion that travels at 200 words a minute. There is great danger in his introduction of new ideas; but I say, "Holy Moses, Mr. Leader of the Opposition, don't venture into new languages, we have enough now".

There is another matter in regard to which I think the leader of the opposition has erred, and it is this. He says that we must ignore the finding of the commission to the point of cancelling the contract. It is quite easy to assume the responsibility for cancelling contracts when you do not have to pay the compensation for the cancellation. This is, of course, a contract with the Canadian government. It may produce a profit and it may not.

Mr. MANION: Oh, yes, there is ten per cent plus anyway, so there is a sure profit.

Mr. McGEER: Well, let me say something else to my hon. friend: You will never listen yourself into difficulties; by your present remarks you have shown that you have not read the contract, or that you cannot understand what you have read. I think this contract is one of the most dangerous from the point of view of the contractor that was ever signed, particularly in the light of the attitude of the opposition and in the light of their hopes of the coming election which will take place before this contract is completed. And then there might be a Pharaoh come into power who knew not Joseph.

Mr. WALSH: There will be, not might be.

Mr. McGEER: Another prophet! The contract provides that all acceptances and rejections are under the control of the Department of National Defence. A comparatively

small percentage of rejections in a highly technical weapon could wipe out not only the company's entire profits on this contract but involve it in a very substantial deficit. Then, if this contract were cancelled by us, what would be the attitude of the British government? Our contract is complementary to theirs in that they get the benefit of a price much lower than it otherwise would be. They would say to this government, why did you cancel it? We could not say for fraud, because that has been cleared away. We could not say for default, because there is a finding of the commissioner on that point which more than clears the contractor. The evidence on that is found at pages 3105 and 3109, and was dealt with by the hon. member for Parry Sound (Mr. Slaght) last Tuesday evening. It shows that Mr. Gillespie, with thirty-eight years' experience in supervising the production of small arms for the British government, who was lent by the British government to supervise the establishment of this secondary base of supply in Canada, questioned by Colonel Ralston, answered as follows:

Q. And from your experience with them here what do you say as to their efficiency as engineers in charge of production, or in charge of planning for production of Bren guns?
A. I would say they are 100 per cent.
Q. 100 per cent?
A. Yes.
Q. Well that is pretty good.

And the commissioner intervened with this comment:

As the school boy says, it is not good, it is perfect.

What ground then is there for cancellation of this contract? There is no fraud; there is no default. And we have a finding from the commissioner that this contract contains every safeguard needed to protect the government in the matter of developing a correct and proper price, and further the Department of National Defence have Bren gun production costs in the British publicly-owned factory at Enfield to serve as a check on costs here. What more need there be?

But let us assume we are going to cancel the contract, as the leader of the opposition proposes; who is going to pay the bill? The government could not cancel the contract without expropriation proceedings; they could not cancel it without subjecting the cancellation to the review of our own courts and the ultimate review of the privy council. Cancel the contract and you become at once liable not only for the entire amount of the estimated profits to-day, but for the amount of the profits on the British contract as well. Would you wipe out anything else? Yes. One of the great advantages of this contract is something for which we owe a great debt of gratitude to Major Hahn and the deputy minister of national defence. If hon. members will keep quiet and keep their ears open they will know more when I get through than they did when I started, because I propose to deal with this issue on the facts and on the merits. If hon. members on the other side will listen they will be more inclined to support the work of Major Hahn and the deputy minister than to condemn. They obtained from the British government a contract which makes Canada a secondary supply base for arms for the British empire. We have a finding on that, very definitely set out in the report of the commissioner. The commissioner also finds that by bringing this contract to Canada the 7,000 guns on order will be produced at a saving of $1,300,000 to the Canadian government. The commissioner points out that Mr. Elliott of the Department of National Revenue gave evidence that the saving on capital cost to Canada, which joins with the British government in buying the machinery and at the end owns it all, will be $551,000. That evidence was not disputed and was accepted by the commissioner. And the evidence of Enfield experts and others, which also is not disputed, was that the total cost of production of 7,000 guns under the joint contract will be $800,000 less than it otherwise would be.

Yet we are to throw that away. And what then is the message that goes from Canada to England if the proposal to cancel the contract arbitrarily on the basis of imagination and this picture language and suspicion were followed, what report goes to the motherland? That it is not safe to look upon the Dominion of Canada as a secondary supply base for arms for empire defence? Here is the error into which the leader of the opposition has fallen. To repudiate our Department of National Defence by cancelling this contract would carry with it the inescapable and appalling consequence that we at the same time repudiate the British war office, who signed an almost identical contract with the same company. If there is any justification for the statement recently made by the premier of Italy, that the democracies are too stupid to have any attention paid to them, such an act as that proposed by the leader of the opposition would justify that remark.

One or two other matters I would like to deal with. They say there was gross misrepresentation on the part of the minister and the deputy minister in that it was represented to the war office that this was a firm competent and qualified to produce arms and munitions. My hon. friends say that was false, but we have the findings of the commissioner on that.

The commissioner finds that it was abundantly clear that long before the Bren gun contract was ever thought of, Major Hahn and his associates were negotiating for the purchase of the John Inglis plant. The John Inglis company plant consists of fourteen different buildings. It was the outstanding Canadian munitions plant during the last war, and its engineers declare that to-day its equipment is in better shape than it ever was.

What did Major Hahn do? Did he go to England and depend upon the letter of introduction and recommendation from Canada? No, not at all. He took with him a complete book of photographs showing every detail of the plant he proposed to use. He took with him, according to the findings of the commissioner, the blue-prints of every building and of every machine, and the capacity of each of them. He took also the reference of his bankers, the Bank of Montreal, of Canada. These records of the plant were handed over to the officials of the war department at Enfield for investigation. It was in the light of that situation, the placing of the facts openly before the war office, that he was able to secure the confidence of the war office officials, and on November 9, almost a year after they had secured the ownership of the plant in Toronto, to have a telegram forwarded to the Department of National Defence that the war office were prepared to let a contract to the John Inglis Company for 5,000 guns.

Mr. WALSH: Five thousand guns.

Mr. McGEER: Yes, 5,000 Bren guns.

An hon. MEMBER: What does the hon. member think he said?

Mr. WALSH: The hon. member said "dollars."

Mr. McGEER: No.

Mr. LAPOINTE (Quebec East): No, no—bad hearing.

Mr. POULIOT: The hon. member does not understand him.

Mr. McGEER: I shall have to put it in picture language. On top of that, Major Hahn then returned to Canada, and said, "Here we are; I have a contract from the British war office. If you are willing to come in with them we can go ahead and make Canada a secondary base of supply, thereby guaranteeing to the dominion at the lowest possible price these 7,000 guns which could not be secured in any other way."

What is wrong with that? "Oh, but," my hon. friends say, "you did not call for tenders." Terrible! Let me say this: Any man in Canada who had the initiative of Major Hahn could have got the same support and the same opportunity of going to England with the support of this government to bring contracts to put workmen to work in Canada. After he did that work, and produced results, my hon. friends turn round and say, "Well, now, you must let somebody else come in"—on this product of Major Hahn, and Major Hahn alone.

With whom did he compete? British labour opposed that contract coming to Canada. The Birmingham Small Arms Company insisted that it be let to a factory in Birmingham. Major Hahn was able to point out that there would be two great advantages in having this development under way in Canada. It would start the dominion towards developing its own means of defence, and it would provide something now recognized as essential to old country security, namely a base of supply in Canada which would be more secure than anything which exists in the British isles to-day.

That was the work which Major Hahn did. My hon. friends turn round and say, "Oh, well, they bought this old boiler factory." They bought and put into condition a plant with an appraised value of more than one and a quarter million dollars. They have capitalized it as a going concern at that value. They have put into the company $250,000 out of the $300,000 working capital which they agreed to raise in cash. They have sold no stock that has not been within the price fixed by the Ontario commission which has authority to say whether or not a company shall sell stock, and at what price. They are operating under conditions, not that they cannot sell stock, but that if they dare to use this contract or licence for the purpose of exploiting the stock market, such licence is subject to cancellation. What greater guarantee can the investing public have than, in addition to the securities commission of Ontario, this right held by the national government to cancel the licence and destroy the company if there is any exploitation of public funds of investors in Canada.

The Bank of Montreal is even more guilty than we are, because it has not only advised the war office that the company is qualified, capable and competent but also declared that it has personally investigated the finances of the company and knows that the company is quite qualified to carry out the contract. Yet, Mr. Speaker, they say "let us cancel the contract."

When the hon. member for St. Lawrence-St. George (Mr. Cahan) was advising our distinguished leader how to select ministers, and

particularly a minister of national defence. I have the greatest respect and the highest regard for the hon. member, and I do think that to-night he has given us an exhibition of what elder statesmanship has to offer to legislative assemblies, in the dignity, in the reserve and in the repudiation of his own associates, who charge fraud, by innuendo, to the point of cancellation. But, Mr. Speaker, I could not help smiling a little. I wondered just what rules governed the appointment as Minister of National Defence of that great and distinguished statesman and soldier the late Sir Sam Hughes. Certainly he was a man of great energy, great ability and great force. He had all those qualities of stump speaking that the hon. member for St. Lawrence-St. George condemns as the reason why the present minister should go.

To anyone who has examined it, the purpose of the government is clear. The contract is not a public ownership contract, but as between private operation and absolute public ownership it stands out as an outstanding example of the Swedish compromise of partnership with the government, with absolute control in the government.

I do hope this matter will go to the public accounts committee so that it may be dealt with on its merits. I do hope that the house will recognize the seriousness of the situation which exists, and that it will also recognize that there are great problems of social needs, great problems of human welfare, great problems of municipal needs and other problems of development with which we might deal, and that this matter will not be allowed to monopolize more time than is necessary to bring our national defence system into the highest state of perfection. The people of Canada are expecting the House of Commons to move into action on all the problems of the day, and we shall do little but serve the subversive forces of the nation if we haggle in parliament over partisan advantage. There are hustings for that kind of thing. The hustings would have been the place for most of the speeches we have heard from the opposition in this debate.

A little later on I hope to pay my tribute to the Minister of National Defence, to the deputy minister, to the Department of National Defence and to this government for the great change that has been made during the last few years in the defensive forces of this country. I believe that out of this debate will come a need for greater defensive power, a need which for the time being at least will compel us to forget the balancing of budgets and come to a realization that as other nations have found a need of great programs of defence and great programs of service, we in Canada must go along with the times and see that our monetary technique as well as our defence technique are adjusted to the needs of the nation.

Mr. A. B. HYNDMAN (Carleton): Mr. Speaker, I do not intend to speak at length in this debate. At the outset I should like to correct the hon. Minister of National Defence (Mr. Mackenzie) who said that those of us who have spoken on this side have attacked this report. No speaker on this side of the house has attacked the report of the Bren gun commission. I have listened attentively to the speeches delivered from the other side of the house and from this side. In none of the speeches delivered from this side was anything said detrimental to the character of the Minister of National Defence or the deputy minister. The whole speech of the minister to-night consisted of praise for himself. Look out for the man who has to do that. We all know he is a Scotchman—

Some hon. MEMBERS: Hear, hear.

Mr. HYNDMAN: I can well remember when there was not so much cheering after a speech by the hon. member for Vancouver-Burrard (Mr. McGeer). What we on this side of the house have been criticizing is the ignorance of the Minister of National Defence toward his duties, as has been brought out very clearly in the report of the commissioner. I notice that in their defence of the Department of National Defence the Liberal party put up a number of able lawyers to speak during the last day or so. They put up the hon. member for Parry Sound (Mr. Slaght), the hon. member for Témiscouata (Mr. Pouliot), and the hon. member for Cochrane (Mr. Bradette). What did they say in their speeches? The hon. member for Parry Sound did little but criticize the language of the contract. I well remember the provincial election of 1934 when the hon. member for Parry Sound said over the radio what he was going to do if the Hepburn party were returned to power. He said he would not charge any fees; yet he has drawn down close to $40,000 for the work he has done for the provincial government.

Then we had the hon. member for Témiscouata. I well remember when the report of the employment commission was brought in and how he received it. I remember he threw it on the floor of the house. Then he brought up the question of patronage. He mentioned the brother-in-law of the former

Prime Minister, the Right Hon. R. B. Bennett. I want to tell the hon. member for Témiscouata that the Right Hon. R. B. Bennett is going to bring great honour to this country. If I am not mistaken he will become a member of the House of Commons in England, and it would not surprise me in the least if he became Prime Minister of England. Then we had the hon. member for Cochrane. In order to cover up this report, he started a flag-waving act. He introduced patriotism into this debate. Why should that be introduced? I wonder if the hon. member for Laurier (Mr. Bertrand) and the hon. member for Outremont (Mr. Vien) agree with the statement made the other day by the mayor of Montreal.

An hon. MEMBER: No.

Mr. HYNDMAN: I am glad to hear that. Nevertheless, they are the godfathers of the mayor of Montreal. They nominated him for the mayoralty and they supported him during his campaign. Why have they not risen in the house to condemn the mayor of Montreal for what he said the other day? He said that if England and Italy were ever at war the sympathies of the French-Canadians would be with Italy. Why has the Minister of National Defence not condemned that statement? I claim that that is a very unpatriotic statement by the mayor and that these hon. members whom I have mentioned should rise in their places and state whether or not they agree with it.

Mr. FRASER: He was the leader of the Tory party for a while.

Mr. HYNDMAN: Let me tell the hon. member who has just spoken that not only did the mayor have the support of the hon. members I have mentioned, but he was elected by the Liberal vote in Montreal and by the promise of this government to spend $12,000,000 on that hole in that city. That was the statement he made on the night of his election. The hon. member for Vancouver-Burrard told us to-night that others had a chance to get this contract. No one knew about the contract except Major Hahn. The members of the Liberal party who have spoken claim there was no reason for competition, but in spite of the advice which came to the Minister of National Defence from various sources which I shall enumerate, the contract was given to a private corporation.

First of all, we had a fine interdepartmental committee set up for this very purpose, and they recommended that the contract be awarded by tender. Second, we have Major General Ashton, chief of the general staff, recommending a government-owned factory. Third, we have the British government insisting that the Bren gun be manufactured in a government-owned plant. Fourth, and not least, we have the Prime Minister (Mr. Mackenzie King) recommending that tenders be called, and we have the Minister of National Defence agreeing with him. Let me quote from page 11 of the report to bear out my statement. Speaking in the House of Commons on April 2, 1937, the Prime Minister had this to say regarding munitions contracts:

> At the present time, in a time of peace, the government is proceeding on the theory of permitting competition with reasonable remuneration, the work to be subject to inspection and audit. . . . We agree with him in asserting the principle that no profits should be made out of war.

I am sure every hon. member agrees with that. Then we have the Minister of National Defence agreeing with the Prime Minister. In his evidence before the commission the minister stated that that statement of the Prime Minister was in agreement with his own views. Yet when it came to awarding the contract they did not adopt that course. Why? Well might we ask why, and the country at large is asking why. It appears that the reason was that the Minister of National Defence seemed set on giving the contract to Major Hahn. The minister in his evidence said that no one had asked for a contract. I think that is a most childish answer. Let me read the minister's evidence. He was answering questions put by Mr. Hellmuth. Mr. Hellmuth asked:

> You did not give anybody else a chance?

And the minister's answer was:

> Nobody asked for it.

Nobody asked for it! Mr. Hellmuth went on:

> Q. Mr. Minister, what I want to get you to answer is this: You never did attempt in any method or any way to see what any one of these dozen or more well known companies, with skilled labour, skilled mechanics, who had been working in precision steel—well, let us take the automobile industry which makes the very closest parts and closest tolerances—no effort was made of any kind to see what they could do?

And the minister's answer to that was:

> No.

I maintain, Mr. Speaker, that this is a peculiar way for any government to do business. There is a contract to be let; a member of parliament brings down a man, introduces him, and he gets the contract.

Let us look at the contract and let us look at Major Hahn. I quote from page 15 of the report:

On seeing the gun both of them (Mr. Plaxton and Major Hahn) went over to it, looked at it and asked what it was. I told them it was the new Bren gun. I do not believe that either of them had ever seen the gun.

Some man to give the contract to for manufacturing the Bren gun when he had never seen it before! It was a man by the name of Major Hahn who was brought down and introduced by a member of parliament to the deputy minister, a man who, as has often been pointed out here, was a radio salesman. He had bought, I will not say an old boiler factory, but a boiler factory which had been closed, and he formed a company, which I must say at the present time looks a fairly good investment. The company consists mostly of Major Hahn with a few office boys and girls, and they will make on the 191,622 shares of stock alone, if they sell them at $7.50 a share, $1,341,634. I consider that really good business.

But what strikes me most in this report is that the Minister of National Defence did not know Major Hahn, and he did not know what was going on. I prove that by quoting from page 28 of the report, where Mr. Hellmuth is questioning the Minister of National Defence:

Q. I am asking you if you knew the personnel of the reliable group?
A. No.
Q. You did not know that?
A. No.
Q. I would like to have that question answered, with all due deference. I would like to know whether you knew whether Major Hahn had or controlled any plant or plants?
A. Not to my own knowledge—certainly not.
Q. Do you know whether he had any company at that time?
A. Not to my knowledge, no.
Q. When did you find out that Major Hahn had associates, and who they were?
A. I did not know who they were until the article referred to in this investigation (i.e., *Maclean's* magazine).

So thank goodness that Colonel Drew, who has been under criticism in this house, did write that article because at least he drew this man Hahn to the attention of the Minister of National Defence. The evidence continues:

Q. So that we may say the contract—at the time the contract was signed you had no knowledge of who his associates were?
A. That is quite correct.

I think that proves, Mr. Speaker, that the Minister of National Defence—and he takes responsibility for this contract; he cannot blame it on his deputy or anybody else—knew absolutely nothing about the contract and knew nothing about Major Hahn.

Let us look at the contract. As far as I can see, from looking over the contract, it has been drawn up by capable lawyers, and I venture to say that technically it is sound. But if I were a manufacturer I would be pleased indeed to get a contract such as this, because according to it, as I figure it out, the government provides everything and Hahn gets the cream. And who is he getting the cream from? He is getting it from the taxpayers of this country. They are the ones who are going to pay the bill. And what confidence, I ask, are the Canadian people going to have in the minister and in the Department of National Defence when he comes to parliament and asks for $63,000,000 to be spent on national defence?

I am going to make two recommendations. They are recommendations that have already been made. They are very brief, and I agree with both of them.

First, I am going to make the recommendation that Mr. Justice Davis makes on page 51 of his report, where he says:

The purchase or production of such munitions or armaments should be put into the hands of an expert advisory group of competent business men—a capable and experienced manufacturer, a commercial lawyer who has had a wide practice in dealing with large commercial contracts, a representative of labour, and say a chartered accountant who has had experience in the examination of substantial business transactions. These persons should constitute a board (which might be known as the "defence purchasing board") and be made directly accountable to the Prime Minister or to the Minister of Finance.

In that last sentence the commissioner is advising the setting up of a board responsible to whom? Responsible to the Prime Minister and the Minister of Finance. If he could see nothing the matter with this contract, why did he not say that the board should be responsible to the Minister of National Defence? But no, he advises that it be taken out of the hands of the Minister of National Defence and put under the Prime Minister and the Minister of Finance.

The other suggestion is this: We have the Prime Minister in the speech from the throne suggesting that at this session—

Legislation will be introduced to establish a defence purchasing board with power to purchase equipment for the defence services and to ensure that, where private manufacture is necessary, profits in connection with such are fair and reasonable, and that the public interest is protected.

I contend that these two statements, the one from the Prime Minister and the other from Mr. Justice Davis, are enough in themselves to cause criticism of the workings of the Department of National Defence. I agree with the suggestion that has been made by my honoured leader. I would not go so far as to say that the Minister of National Defence or his deputy should be discharged, because in a way they—especially the minister—knew nothing of what was going on, but I will say, and I think the Prime Minister will find that the people are demanding it, that this contract must be cancelled. We must restore the confidence of the people in the national defence department. One has only to refer to what happened in the old country. When inefficiency was shown in the department charged with defence matters, the British Prime Minister was not long in discharging the responsible minister, Sir Thomas Inskip. To restore the confidence of the people in the department, I repeat, this contract must be cancelled.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, by reason of certain statements made during the course of the debate I am prompted to say a word or two in an attempt to clarify certain issues. I moved the motion of reference to the public accounts committee, and in doing so, endeavoured to state in the simplest possible terms the reasons for the introduction of that motion. The debate since that time has traversed a very wide field, a much wider field than was anticipated. I desire, as I have said, as briefly and simply as possible to bring the discussion back to the central issues, issues which have been largely disregarded, issues which have not been fully and adequately explained and concerning which in some respects no explanation at all has been offered by supporters of the government's policy.

I feel it necessary to explain to the house the motives which prompted me to discuss this contract. I do so because the suggestion has been made by hon. gentlemen opposite that this has been something of a monstrous conspiracy to embarrass the Minister of National Defence (Mr. Mackenzie), to defame his character, and to harass him at this time as he is attempting to repair the defences of this dominion.

There is no such conspiracy. But if the minister is in touch with public opinion to-day; if he is alert to discern what is taking place throughout the country, he must realize that this very effort he has made to make Canada defence-conscious has, by the same token, impressed upon the country the importance of his duties and responsibilities. A strict accounting may be demanded for every move he makes, because of the extraordinary power he wields at this time on behalf of the dominion.

The Minister of Agriculture (Mr. Gardiner) took pains to refer to the Ross rifle deal in the last war. It is significant that he did so, in view of the fact that the very machinery which manufactured the Ross rifle has been shipped to the factory of the John Inglis Company in Toronto.

Mr. GARDINER: I should just like to point out, in view of some newspaper publicity which has been given to the idea just now expressed, that what I stated was that you require more than machinery in order to make good guns of any kind, and Mr. Hahn was an addition to the machinery.

Mr. MacNEIL: Well, the minister can explain his own statement. I just said it was significant he referred to that in view of the fact that the machinery used in manufacturing the Ross rifle was shipped to the John Inglis Company in Toronto. I mention this to point out that this deal is almost on all fours with the Ross rifle deal of years ago: that at that time there was the definite determination to rely on private manufacture; that at that time there was the definite effort to secure a complementary order from the British government; that the deal was proceeded with by the Canadian government of that day largely because of patronage considerations, with the result that British government inspectors were rejecting rifles which were issued to the Canadian troops—issued with results which were well known to all those who served in the great war.

If the house will pardon a personal reference, I desire to say that I was privileged to serve as a machine gunner in the last war. The machine guns with which we were originally equipped were provided by private manufacture; and in looking up the record of this house, the journals, and copies of the orders in council dealing with the purchase of the machine guns, I find that through patronage influence sales were made in opposition to the opinion of the British war office. What was the result? I participated in the result, and for that reason I am concerned as to the outcome of the deal which we are discussing to-day. At a crucial moment, when we were required to protect the infantry occupying a position which was almost untenable, we could not make four guns do the work of one under

active service conditions, by reason of faults in design, construction and manufacture; and the mudholes which we occupied at that time became a veritable shambles because of the failure of that equipment to operate. Prominent senior officers were cashiered over that episode, and I should not be blamed by the Prime Minister and the Minister of National Defence if I hold vividly in recollection the memory of comrades who went gallantly to their deaths because they were furnished with faulty equipment by private manufacture resulting from a deal of this kind.

I have in mind a conversation with a gentleman having some responsibility to the reading public of this country, who introduced himself to me. "MacNeil," he said, "I hope this matter will be cleared up to the satisfaction of the people of Canada. Despite all rumours in circulation as to my motives in giving some publicity to sensational statements, I want to make clear my personal interest in this matter. I have a son, MacNeil, of military age, and God forbid that he should be called upon to serve in the defence of this country while the back-door of the Department of National Defence is open to a lot of grafting leeches." And I said, "Amen." Many hon. members in all quarters of the house echo "amen" in their hearts in regard to such a situation. The point at issue is this, that a department susceptible to influences made manifest through the negotiations leading up to the execution of this contract, is certainly a department susceptible to influences which led to such ghastly results in 1915.

I am reminded of the statement made in this house by a gentleman who was then the member for Red Deer when he pleaded with the Prime Minister of the day to take suitable action that the gaze of the men in the field would not be turned on the horrors exposed in the public accounts committee of 1915.

I did hope that instead of the undignified performance in this house to-night by the Minister of National Defence, he would, by some guarantee, some frank explanation, by action rather than by blustering rhetoric, assure the people of Canada that there would be no recurrence of the terrible state of affairs which existed in 1915. When hon. gentlemen opposite say that charges should be made beyond those already contained in the commissioner's report, I wonder if our standard is lower than it was in 1915. It is within the memory of members of this house that when the seventh report of the public accounts committee was tabled in 1915 and the motion for concurrence was made a short debate ensued in which Sir Robert Borden and Sir Wilfrid Laurier participated; and the then Prime Minister of Canada rose in his place and made it clear and unmistakable that he would not condone or compromise in any way with any suggestion of irregularity or fraud in war purchases. Although no charges were formulated; although no members had been named up to that time, as far as I am aware, he expressed his grave disapproval of the actions of two well-known members of his party, with the result that they were drummed out of public life.

If one reads the memoirs of Sir Robert Borden it is interesting to note that he made it clear that he would not only refuse to compromise with irregularity in the matter of war purchases but would insist, as in fact he did insist, and so instructed the Minister of Militia and the then Solicitor General, that there should be no dealings with middlemen, brokers and promoters, and that their profits would have to be cut out. And never have his political opponents suggested anything against his personal integrity. On many occasions, acting as Minister of Militia, he did enforce his rulings in that regard.

I trust that the Prime Minister will make available to succeeding generations important documents in regard to which a full disclosure may not be made at this time, in order that the verdict of history may deal fairly with the crises of our day. But I do appeal to him that a definite guarantee be given now, a guarantee which has not yet been given, and that a frank and full explanation be made. All that I ask is a clean deal for men who may have to take arms in defence of the country. But there is no clean, straightforward dealing when we have, as we now have, financial manipulation, bartering with company promoters and lack of faith in established Canadian industries.

I do not wish to prolong this discussion, but the Minister of National Defence suggested in the course of the debate that no one has done more than I have to destroy defence. Surely he did not mean that. I share his pride in highland Scotch ancestry and his pride in the contribution made by the highland Scotch to the upbuilding of this dominion. I am not so certain that I have the same pride after listening to the emotional outbursts which to-night characterized almost his entire speech. I also share with him appreciation of the fine qualities of our French-Canadian compatriots, but if he reads carefully the record of the statements that I have made in this house he will recognize that

I have never, at any time, opposed all defence. I could not be disloyal because of the very roots of my existence. I am Canadian-born and the background of all my activities is associated with the development and welfare of this country. I have stated repeatedly that it is the responsibility of any government to provide reasonable defence against external danger, but I did question defence expenditures because of the lack of policy which made it impossible to distinguish between defence and offence. I also questioned the competency of officers because of the definite evidence similar to that which is now disclosed in the commissioner's report, that men in high places disregarded the policies enunciated in, and accepted in good faith by, the House of Commons.

The minister says that there is not even the shadow of political patronage in connection with this contract. May I ask him: If there was no political patronage, why did he take this matter in 1936 out of the hands of the interdepartmental committee set up by the Prime Minister to guarantee the Canadian public against such deals, and practically until 1938 refrain from consultation with that committee with respect to the particular contract which was negotiated? Why did he delay consultation with that committee until he was committed to a contract with the John Inglis Company? What conclusion can we reach after reading the evidence given before the commissioner, when we read of the way in which Major Hahn was introduced to the department under the most favourable political auspices? Major Hahn wanted the hon. member for Trinity (Mr. Plaxton) to accompany him to England because he might be useful, and suggested that his expenses might be paid. These facts appear in the evidence which has been tabled. How can he possibly deny that there is any shadow of political patronage? What evidence has he introduced to refute the statements made on this side that political patronage was the predominating consideration throughout the negotiations prior to 1938? The minister carefully refrained from giving an explanation with regard to the main issue. My respect for the minister would have mounted considerably if he had taken the issues one by one and made a frank statement and explanation.

He said in this house, as on the stand, that he stood for the policy of public manufacture so far as the primary implements of war are concerned. This country was committed at Geneva to the public manufacture of armaments. The Prime Minister has repeatedly assured the house that he intended to pursue such a policy. That is the issue, an issue which the minister made no attempt to discuss. He did not explain why he deviated from the policy of public manufacture. It is true he mentioned the limitation of appropriations made by parliament. He said he had an estimate furnished him that called for $30,000,000 or $35,000,000, and when that was traced to the minutes of the defence council it was found that the estimate related to a group of manufacturing establishments that would meet the entire requirements of all the Canadian forces. The evidence of the chief of general staff and of other senior officers shows that they urged, as the British government urged, for public manufacture in factories operated and controlled by the government. Without an explanation to the public he abandoned only too readily the policy which he enunciated in the house.

No explanation has been given by the minister as to why he deserted the system of competitive bids. He said on the stand that it was the next best alternative to public manufacture. Why, then, did he abandon it when the interdepartmental committee set up by the Prime Minister to protect the public interest urged repeatedly that comparative prices be obtained? He has challenged us from time to time to name firms competent to manufacture Bren guns. Well, the experts on the interdepartmental committee named five or six firms. After a survey made of industrial institutions, government plants, in this country, why did he not seek to avail himself of the machine shops under the control of the government—for example, the machine shop at Prescott equipped for the production of lighthouse instruments, the machine shops of the Canadian National Railways, the equipment already at Valcartier and Lindsay?

And he proceeds to declare, without relation to the evidence, that this contract has saved this country something like a million and a half. It does not require a lawyer or an expert accountant, but just a little common sense, to understand the situation. Consider the evidence given by Gillespie, who has been quoted frequently. Gillespie explained that at Enfield they had two years investigation and testing in cooperation with the factory in Czechoslovakia and when they proceeded to manufacture the component parts of the Bren gun at Enfield they found themselves practically half-way there, because they had the machinery and equipment. I should like to hear the minister explain why, with any established firm as suggested by the interdepartmental committee, it would not be possible to use the equipment they had for

working with precision steel, provide them with the equipment that the government had at Valcartier, with reimbursement as promised in the contract by joint arrangement with the British government for new machinery required, and secure deliveries at a much earlier date than possible with the John Inglis Company.

In this connection I am interested in the manner in which the hon. member for Parry Sound (Mr. Slaght) skirted round this point in quoting from the evidence. Speaking of the ability of the John Inglis Company to manufacture this Bren gun, as reported on page 720 of *Hansard*, he quoted from the evidence given by Gillespie. No one questioned Gillespie's competency, but I point out that in reading his evidence it is clear that Gillespie was referring then only to the ability of three engineers, Ainsworth, MacLaghlan and Gazey. He said they were quick on the uptake; sure they were, 100 per cent; but that had nothing to do with the ability of the John Inglis Company to go on with the manufacture, because a few pages further on in the evidence he states that they were making satisfactory progress and perhaps they might be able to make deliveries according to schedule. Why are these matters not dealt with more frankly?

Mr. SLAGHT: Mr. Speaker, if the hon. gentleman desires to quote Gillespie accurately he will read his evidence to the house, because Gillespie said nothing of the sort. He did not say "perhaps" they might; he said they were up to their commitments 100 per cent, and would have no difficulty in producing full results.

Mr. MacNEIL: I read the evidence as reported on page 3105, and I am quite as capable of drawing my own conclusions from the evidence as is the hon. gentleman who has interrupted me. My point is that the portion of the evidence quoted by the hon. member for Parry Sound related to the ability of three engineers now in the employ of the John Inglis Company. But later Mr. Gillespie gave evidence which showed that they were not at that time equipped as my hon. friend desired to give the house to understand when he spoke.

Mr. McGEER: Would the hon. member—

Some hon. MEMBERS: Order.

Mr. McGEER: On a question of privilege, I ask the hon. member if he will allow me to quote the report on that.

Mr. MacNEIL: Yes.

Mr. McGEER: The record of that is to be found at page 3109 of the evidence.

Mr. SPEAKER: There is no question of privilege in that.

Mr. McGEER: I understood that the hon. gentleman said he would grant me the privilege of quoting the record.

Mr. SPEAKER: If the hon. gentleman consents I have no objection.

Some hon. MEMBERS: Go ahead.

Mr. McGEER: Surely hon. members of the opposition cannot deny me that right.

Some hon. MEMBERS: We are telling you to go ahead.

Mr. McGEER: Mr. Gillespie said:

> I have said before the people who are handling it are quick on the uptake, I think they will be able to produce the work all right. I have no fear in that direction at all.
> Q. No fear in that direction at all?
> A. No, they will work to the program.

There is no "perhaps" about it.

Mr. STEWART: They "will."

Mr. MacNEIL: If the hon. member reads on, he will find that they were not then equipped to proceed with the manufacture of Bren guns. Mr. Gillespie was dealing solely with the ability of three engineers.

Mr. DUPUIS: The hon. gentleman was not equipped to come to this house.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: Question.

Mr. MacNEIL: The minister has given no adequate explanation with reference to the definite statement of the commissioner that the system of supervising the contracts broke down. The minister said in answer to a question in the house yesterday that he had received reports from the interdepartmental committee and he transmitted those reports to the defence committee of the cabinet. At page 2364 of the evidence he is reported as saying:

> The only report I ever received was from the deputy minister who was chairman of the interdepartmental committee.

And we find him referring definitely to the fact that the minister received reports not from the committee as such but from the deputy minister in relation to the activities of the committee.

I see, Mr. Speaker, it is eleven o'clock.

Mr. DUNNING: No, it is not. Question.

Some hon. MEMBERS: Question.

Mr. SPEAKER: Only with unanimous consent.

Mr. MacNEIL: Owing to the interruptions I have been unable to conclude the remarks I intended to make and I ask you to call it eleven o'clock.

Mr. SPEAKER: If the hon. member calls it eleven o'clock and wants to speak to-morrow, I cannot prevent his doing that, under the rules of the house.

Mr. MACKENZIE KING: The hon. member adjourns the debate, does he?

Mr. MacNEIL: I desire to conclude my remarks, but it being eleven o'clock—

Mr. MACKENZIE KING: Move the adjournment of the debate.

Mr. MacNEIL: —at least I have the privilege of moving the adjournment of the debate.

Motion agreed to and debate adjourned.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: In regard to to-morrow's business I assume the first order will be to continue the present debate. That will be the first motion called. But Friday is not a very good day on which to take a division of the house on as important a matter as this, and I understand a number of hon. members would much prefer that the debate should be continued on Monday rather than to-morrow. Therefore it would be the government's intention to-morrow, after the hon. member who has just spoken has finished his remarks, to have someone follow and adjourn this debate and then continue with the orders of the day which appear under government orders.

In that connection I should like to ask hon. members whether, provided we get through the government orders before the day is over, they would not permit us to go into committee of supply to take up some of the estimates of the Department of Agriculture and the Department of National Revenue.

Mr. WOODSWORTH: No.

Mr. MACKENZIE KING: The only object of asking this is to expedite the business of the house. We can easily adjourn the house if that is preferable to hon. members, but I would point out that so far the government has not been able to take up one single item of business. We have been here over four weeks and all the time has been taken up with private discussions; there has not been one item of government business taken up thus far. I am asking if we might begin to-morrow with supply if we get through the few resolutions which are on the order paper.

Mr. MANION: I do not wish to start an argument at this time of night, but the right hon. gentleman says we have not taken up any public business. I consider this the most important business—

Mr. MACKENZIE KING: No, I did not say public business, I said government business. I am pointing out that we have now had a month in which private members have practically had control of the house, and the government have had no chance to get on with any of its business. We should like, if we can, to fill out a full day to-morrow, if that is agreeable. We are, however, entirely in the hands of the house.

Mr. MANION: It is understood then that to-morrow, after the hon. member for Vancouver North (Mr. MacNeil) has finished his remarks, this debate is adjourned until Monday.

Mr. MACKENZIE KING: It will be adjourned by the speaker who follows him. What about supply? Is there any objection on the part of hon. members to having supply taken up to-morrow—not more than one item? We need not take the whole day; but what the government would like to do is to run through the order paper, paying attention to those items appearing under government orders. We would not take up the act to amend the Pension Act, but we could take up the other two bills on the order paper. Then we could consider the resolutions which are there, exclusive of the one respecting the defence purchasing board. Then, when we have concluded the resolutions, if time permits we would like to occupy the balance of the day with the committee of supply, Department of Agriculture.

Mr. STEVENS: Is the Prime Minister not rather optimistic in thinking he can get through all those resolutions?

Mr. MACKENZIE KING: I may be, but I do not think they are contentious.

Mr. STEVENS: Some of them are.

Mr. MACKENZIE KING: If they are, of course we shall not get into supply.

Mr. WOODSWORTH: I do not think at this stage the Prime Minister should ask that. One or two private members' days have been ruled out already, and the order paper is full. It is becoming a weighty document. And this very matter which is being put off, through no fault of hon. members in this group—we are willing to take a vote to-morrow, as far as that is concerned—

Mr. DUNNING: We wanted one to-night.

Mr. WOODSWORTH: I am willing to stay here and take it, as far as that goes.

Some hon. MEMBERS: Question.

Some hon. MEMBERS: No.

Mr. CAHAN: Eleven o'clock.

Mr. STEWART: The debate is adjourned.

Some hon. MEMBERS: Question.

Mr. MANION: The house stands adjourned.

On motion of Mr. Mackenzie King the house adjourned at 11.05 p.m.

Friday, February 10, 1939

The house met at three o'clock.

STANDING ORDERS

Mr. W. H. GOLDING (Huron-Perth) presented the first and second reports of the standing committee on standing orders, and moved that the reports be concurred in.

Motion agreed to.

DEATH OF POPE PIUS XI

EXPRESSION OF SYMPATHY OF GOVERNMENT OF CANADA AND HIS MAJESTY'S LOYAL OPPOSITION

On the order for motions:

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, in the absence of the Prime Minister (Mr. Mackenzie King) and on his behalf, I desire to communicate to the house the contents of a cablegram which was sent this morning by the Secretary of State for External Affairs, Ottawa, to His Britannic Majesty's minister, Vatican City. It reads:

Ottawa, February 10, 1939.

Will you kindly convey to His Excellency the Secretary of State of the Holy See the following expression of sympathy of the government of Canada, in the bereavement occasioned the Vatican City and the Roman Catholic church by the death of His Holiness Pope Pius XI.

"The government of Canada desires to associate itself with the governments of other countries in expressing its sense of the loss sustained in the death of His Holiness Pope Pius XI. The profound sorrow felt by members of the Roman Catholic church in all parts of the world will be shared throughout Canada where the devotion of Pope Pius to the spiritual progress of mankind had gained for His Holiness nation-wide admiration and esteem."

To these words of the leader of the nation I desire to add my own personal tribute to the memory of the great pontiff who died yesterday.

In the hours of great crises His Holiness Pius XI has always been a fine model, a powerful personality.

Amidst the disorders generated by war, misery and unemployment, he has preached the crusade of public salvation, defending the family institution, defending order, labour and social peace, fighting all that leads to anarchy, hatred and the domination of blind force. He has consistently defended those who were persecuted and oppressed.

A friend of social progress and modern institutions, he has published pastoral letters and encylicals which are monuments to economic and social reform based on justice, charity and human brotherhood.

He was a great religious leader. He will be remembered as the Pope of Peace, of the poor, and of working men.

I am sure I am reflecting the views of all the members of this house in expressing our sorrow and our deep regret at his demise.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, in the unavoidable absence of the leader of the official opposition (Mr. Manion), I wish to express on his behalf and on behalf of my colleagues and myself, our profound emotion upon learning this morning of the passing from this life of Pope Pius XI. His holiness was a great churchman and a brilliant scholar, who was preeminent in his devotion to the welfare of all classes and conditions of our fellowmen.

As the sovereign pontiff of Vatican City, his influence was ever exerted with the political leaders of all nations for the preservation of peace. As the ecclesiastical head of over 350,000,000 of peoples of all the races of the world, every important movement for the spiritual, moral and social improvement of all classes and conditions of mankind, enlisted his sincere sympathy and his earnest support.

As a prelate of fervent, personal piety and devotion, his compassion was ever extended to the poor, the sick and the afflicted.

As an eminent Christian gentleman, he showed us all an example of steadfast faith and fortitude under physical suffering that continued for several years until there was granted to him a peaceful release late last evening. We unite with all other Christian peoples in our expression of sympathy for all adherents of the Roman Catholic church in their grievous sorrow, and in our gratitude for his personal example of devotion to duty amid the manifold turmoils that have beset this world during recent years.

BREN MACHINE GUN CONTRACT

The house resumed from Thursday, February 9, consideration of the motion of Mr. MacNeil:

That the agreement between the government and the John Inglis Company, of Toronto, for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement, and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts; and the amendment thereto of Mr. Stevens.

PRIVILEGE, MR. GARDINER—NEWS ARTICLE IN REGINA LEADER-POST OF FEBRUARY 7

Hon. J. G. GARDINER (Minister of Agriculture): On a question of privilege, Mr. Speaker, I have in my hand a news article which appeared in the Regina *Leader-Post* of February 7, purporting to be an account of my speech delivered in this house as reported in *Hansard* of February 6. It says in part:

Mr. Gardiner attempted to pour ridicule on a report made by Major General E. C. Ashton, chief of the general staff, for proposing a small arms government factory at Valcartier.

That statement is absolutely false. I pointed out that Major General E. C. Ashton's proposal, made after this government took office, for the purpose of reestablishing defence in Canada, would involve an expenditure of at least $200,000,000. I further indicated that those now attempting to delay this expenditure had opposed even the small estimates of two and three years ago.

I referred to the Ross rifle incident to indicate that even good machinery was not sufficient to guarantee production of Bren guns that would work. You require management, designers, and engineers who know their job. At no time and in no word did I ridicule or attempt to ridicule a report made by Major General E. C. Ashton.

This newspaper report is on a par with most of the misrepresentation which has been peddled to the west regarding discussion of this contract.

Some hon. MEMBERS: Order.

CONTINUATION OF DEBATE ON MOTION FOR REFERENCE TO PUBLIC ACCOUNTS COMMITTEE

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I was about to say when the house adjourned last evening that the most disturbing feature of this debate has been the attitude taken by government supporters. We have met with nothing but evasion with respect to the issues presented to parliament by the commissioner. In the hectoring language employed by the minister (Mr. Mackenzie) last evening we recognize the old technique of abusing critics instead of answering criticism. The issues originally stated by the commissioner, and by many members on this side of the house, are still before parliament without any adequate explanation by the government. No criticism could be more destructive of confidence in the defence establishment of this country than the demeanour and words of the minister last evening. He cannot prove to the country that he is right by the threat to knock off heads, although I notice that his unparliamentary language is not reported in *Hansard*.

The hon. member for Vancouver-Burrard (Mr. McGeer) stated last evening that in his opinion it was extraordinary that members on this side of the house did not accept the findings of the royal commission. It is his misapprehension on this point that undermines his argument. We do accept the findings of the commissioner. It is because of those findings that we may legitimately ask for further inquiry into the matter, and direct criticism against government policy.

The commissioner made findings on two points. He found that there was no evidence of personal corruption. We accept that finding and have stated so over and over again in this house. We now marvel that government supporters have laboured this point. They must be uneasy about the transactions reported.

The commissioner also found that there was the necessity to recommend the appointment of a defence purchasing board, to provide for a drastic change in the system of awarding contracts of this nature. We accept that finding, and point to the fact that by such finding he condemned the system now in vogue.

The remainder of his report is mainly a citation of facts of which direct proof was given, and with regard to which he reported there was no dispute. He pointed to the responsibility of parliament to pass judgment based on the evidence, and because of that I moved the motion which is now before the house.

I again direct attention to the main issues at stake. Whatever may be said for or against the contract, in its substance or form, we must concern ourselves, as the commissioner did, with administrative faults and government policies disclosed during the negotiations leading up to the execution of the contract during the period prior to March 31, 1938. The real issue is whether this country should have established public or private manufacture of the primary implements of warfare, and not all the blustering eloquence of the minister can conceal the fact that he has reversed his policy in this regard. In his remarks last evening he condoned the making of profits in the manufacture of armaments for this country.

Some hon. MEMBERS: No.

Mr. MacNEIL: As he shook his fist in this direction and alleged attempts to destroy defence measures, I might remind him now that nothing will wreck defence more certainly than profiteering in war supplies. Nothing will do more to lower the morale of those who may be required to risk their lives in the defence of the country than the knowledge we now have that his department is in alliance with armament racketeers. He has given a plain indication that so far as he is concerned he will make no attempt to establish equality of duty and sacrifice in the event of war.

Mr. MACKENZIE (Vancouver): It is not correct; that is all.

Mr. MacNEIL: He expressed resentment that this discussion has delayed the plans of the department with regard to deliveries of Bren guns. He omitted to mention that this is the first opportunity we have had to discuss the matter with all the facts before us.

Mr. MACKENZIE (Vancouver): Why?

Mr. MacNEIL: The delay of which he complains actually occurred between July, 1936, and March, 1938, when the house was without knowledge of these negotiations, and because of the determination to place this contract to the best political advantage. Members of this house are in no way responsible for the fact that deliveries of the assembled guns will not be made until the latter part of 1940.

I will go a step farther. We will ask the minister in the public accounts committee to confirm or deny the reports that even now the Bren gun is regarded as an obsolescent weapon.

Mr. MACKENZIE (Vancouver): Absolutely incorrect.

Mr. MacNEIL: The British government is continuing production of the Bren gun, but is it not also providing for the production of a still more modern and reliable light machine gun? Technological advance has been rapid in the armament industry during recent years What assurance have we that, by reason of the policies pursued by the minister, we will not be stuck, to use the language of the street, with 7,000 guns as obsolescent in 1941 as the Lewis gun is to-day?

Mr. MACKENZIE (Vancouver): Is my hon. friend suggesting for one second that the Bren gun is not a most modern, efficient weapon?

Mr. MacNEIL: That is what we intend to ask.

Mr. DUNNING: And therefore we should do nothing.

Mr. ILSLEY: Because the hon. member intends asking.

Mr. MacNEIL: In the light of our experience with the Ross rifle we intend to ask the minister in the public accounts committee as to the accuracy of these reports.

Mr. YOUNG: Does my hon. friend know of a better gun?

Mr. MacNEIL: The minister's eulogy of Major Hahn will prompt further investigation into the representations made by Major Hahn to the department and the British war office as to his financial stability and his business connections. When he first went to England he was the head not of the John Inglis Company but of the British Canadian Engineering Company. He was not the head of a company worth two million dollars, as the prospectuses issued on behalf of his company at that time would seem to indicate. As far as the evidence shows, no attempt was made to correct the false impressions created within the British war office at the outset of negotiations. He was simply a promoter astute enough to expand a thirty dollar cash consideration into a financial transaction on paper involving $1,400,000.

Mr. GARDINER: Did Colonel Drew write what the hon. member is reading?

Mr. MacNEIL: I am making this statement on my own responsibility. The minister can make his.

The minister gave no answer to our question as to why it was necessary to set up a series of dummy companies, unless to conceal profitable trading in stock issued. The minister knows as well as I do that in the not too distant future those who have participated in this deal will reap a rich reward quite apart from the profits guaranteed by the contract for the manufacture of the Bren gun.

When the minister repeated his statement of a former occasion that this was the finest contract ever made on behalf of the Dominion of Canada he attempted to justify that statement by asserting that it has effected a saving to the country of something like $1,300,000. When we break this figure down in the light of the evidence given by members of the interdepartmental committee, we find that they claim a saving of capital expenditure of something like $551,000 because the British government will pay one-third of the capital investment. We find that another saving is claimed of $864,000 because the John Inglis Company will carry out a complementary order for the British government. According to the evidence the estimated cost of making 7,000 guns would be $5,402,000, and the estimated cost of making 7,000 guns as part of a production of 12,000 guns would be $4,537,000.

I refer again to the evidence which discloses that the British government in the original agreement with the patentee made provision for manufacture in the dominions provided such manufacture would be carried on in government-operated factories. I submit that this same saving, or one even greater, could be achieved under public manufacture. If the British government was willing to invest over half a million dollars in the capital outlay of a private enterprise to secure a secondary source of supply, it is safe to assume that they would be much more willing to extend the same assistance to public enterprise. It follows that we could have made the same saving on capital expenditure in a government-operated factory. If the British government were willing to place an order for 5,000 guns with a private firm, they would have placed the same order with equal alacrity with a government-operated factory. It follows that we could have made the same saving, under public manufacture, on production.

In addition, under public manufacture, this country would have saved the profits allowed to the John Inglis Company under the contract. Whatever may be said about separate contracts, the contract from the British government was negotiated with the aid of the Canadian government. The minister stated, in answer to a question put last session by the then leader of the opposition, that it was not through the good offices of the Canadian government, although it has been clearly proven in evidence that Major Hahn acted, while a potential contractor, as the accredited representative of the Canadian government in respect of the Bren gun deal. As a matter of fact the Minister of Agriculture (Mr. Gardiner) described it as a joint contract. If we are to have such joint contracts, why should we have such hypocrisy about the matter? It is vastly preferable that we should accept orders from the British government for manufacture in government factories than that we should be involved in a profiteering deal such as we are discussing.

I propose to vote against the amendment because I consider it hopeless to continue a satisfactory inquiry into the matter in committee of the whole because of the attitude taken by the government. I can only hope that by persistent endeavour in the public accounts committee the truth about the situation will be made known to the public.

Mr. MACKENZIE (Vancouver): Hear, hear. So do we.

On motion of Mr. Pouliot the debate was adjourned.

NAVAL SERVICE ACT

SANCTION BY PARLIAMENT OF ACTION BY NAVAL FORCES OTHER THAN FOR DEFENCE

Mr. C. G. MacNEIL (Vancouver North) moved for leave to introduce Bill No. 17, to amend the Naval Service Act.

Mr. LAPOINTE (Quebec East): Explain.

Mr. MacNEIL: The purpose of this bill is to amend the Naval Service Act to make it conform with the present constitutional status of Canada.

Mr. LAPOINTE (Quebec East): Is this the same bill as was introduced last year?

Mr. MacNEIL: It is the same bill.

Motion agreed to and bill read the first time.

MILITIA ACT AMENDMENT

SANCTION BY PARLIAMENT OF PLACING MILITIA ON ACTIVE SERVICE BEYOND CANADA

Mr. C. G. MacNEIL (Vancouver North) moved for leave to introduce Bill No. 18, to amend the Militia Act.

He said: This is in identically the same terms as the bill I introduced last session.

The purpose of the bill is to amend the Militia Act to make it conform with the present constitutional status of Canada as recognized by the resolutions of the imperial conference, especially in 1926, and by the statute of Westminster, 1931. Its object, further, is to provide that Canada shall not become involved in any war beyond Canada without the sanction of parliament.

Motion agreed to and bill read the first time.

NATIONAL DEFENCE ACT

CONSTRUCTION OF WORKS AND PRODUCTION OF ARMAMENTS THROUGH GOVERNMENT AGENCIES

Mr. E. J. POOLE (Red Deer) moved for leave to introduce Bill No. 19, to amend the Department of National Defence Act.

Mr. MACKENZIE (Vancouver): Explain.

Mr. POOLE: The purpose of the bill is to provide that moneys voted by parliament for national defence purposes shall be spent by the government, through its own agencies and under its own control.

Motion agreed to and bill read the first time.

NATIONAL FILM BOARD

REVIEW OF GOVERNMENT FILM ACTIVITIES—INTERDEPARTMENTAL COMMITTEE TO CENTRALIZE DISTRIBUTION

Hon. C. D. HOWE (Minister of Transport, for the Minister of Trade and Commerce) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to create a national film board empowered and directed to review and report on government film activities and to discharge such other duties as the governor in council may request; and to authorize the governor in council to appoint, and determine the salary of, a commissioner, to be the chief executive officer of the board. Also to provide for the appointment of an interdepartmental committee to centralize government film distribution.

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

Motion agreed to.

RADIO BROADCASTING

APPOINTMENT OF COMMITTEE TO CONSIDER ANNUAL REPORT AND REVIEW AIMS AND POLICIES OF CANADIAN BROADCASTING CORPORATION

Hon. C. D. HOWE (Minister of Transport) moved:

That a select committee be appointed on radio broadcasting to consider the annual report of the Canadian Broadcasting Corporation and to review the policies and aims of the corporation and its regulations, revenues, expenditures and development, with power to examine and inquire into the matters and things herein referred to and to report from time to time their observations and opinions thereon, and to send for persons, papers and records; and that the said committee shall consist of the following members: Messrs. Ahearn, Beaubien, Bertrand (Laurier), Bouchard, Dupuis, Factor, Hamilton, Héon, Howe, Isnor, Johnston (Bow River), Lawson, MacKenzie (Neepawa), MacMillan, Martin, Patterson, Pottier, Ross (Moose Jaw), Slaght, Stevens, Thompson, Turgeon, Woodsworth, and that the presence of at least nine members shall be a quorum of the said committee and that standing order 65 be suspended in relation thereto.

Motion agreed to.

ROYAL VISIT TO CANADA

SUGGESTED STRIKING OF SPECIAL DECORATION FOR DEFENCE FORCES AND EX-SERVICE MEN

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I should like to ask a question of the government. In view of the fact that a British reigning sovereign has never before been in Canada, and in view of the approaching visit of their majesties this year, will not the government consider the striking of a special decoration, to be awarded to all members of the defence forces of Canada and all ex-service men in Canada?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I suggest that this question be accepted as a notice of motion. The hon. member will receive an answer at the proper time.

CATTLE SHIPMENTS

QUOTA PERMITTED TO ENTER UNITED STATES UNDER TERMS OF TRADE AGREEMENT

On the orders of the day:

Mr. M. C. SENN (Haldimand): I should like to address a question to the Minister of Agriculture (Mr. Gardiner). Is the quota of 60,000 head of cattle per quarter which is allowed to enter the United States under the terms of the new trade agreement exhausted for the first three months of 1939? I should also like to ask if the shipments from Mexico help to make up this quota allowance.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, the answer to the first question is, yes. The quota ran out towards the end of the month. I believe the statement is somewhat as follows:

United States cattle imports, 700 pounds and over, for the month of January, 1939

	Number	Percentage
Canada	30,246	55 per cent
Mexico	24,769	45 per cent
Total	55,015	

It has been the practice of the United States government to give notice of the running out of the quota a few days before the end of the quota is reached. The quota in this instance was 60,000. This notice was given when the number stood at 55,015. But a settlement on the basis of the reduced tariff is made as cattle go in, from that time on, until the number reaches the 60,000 mark. The quota will divide somewhat in the proportions of 55 per cent and 45 per cent.

I might add that there is a provision in the agreement whereby, if quotas work out as this one apparently has, through consultation with the United States government, an arrangement may be made with regard to it in order to make it work as it was intended to work. Officials of the Department of Trade and Commerce and of the Department of Agriculture have already been in Washington, and I believe I can go so far as to say that satisfactory arrangements are in process of being made. An announcement will be made shortly with regard to the whole matter.

Mr. SENN: Was it the intention that Canada should enjoy the whole 60,000 per quarter, or otherwise?

Mr. GARDINER: No. Under the old agreement, the one which existed before, provision was made whereby the quota would be for all the cattle imported into the United States. In practice it worked out that the cattle came from Mexico and Canada, and exactly the same terms are in the present agreement. In this particular year the cattle which were prepared to be sent across the line immediately the agreement came into effect were apparently considerably greater in number in Mexico than in previous years.

FOOD AND DRUGS ACT

AMENDMENTS TO BROADEN SCOPE AND CLARIFY CERTAIN FEATURES OF THE ACT

Hon. C. G. POWER (Minister of Pensions and National Health) moved the second reading of Bill No. 13, to amend the Food and Drugs Act.

[Mr. Gardiner.]

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—"Drug."

Mr. STEVENS: Would the minister give a sort of general résumé of the act, so that as we proceed we may understand the object of the bill?

Mr. POWER: I shall be pleased to do so. In the bill it is proposed to broaden the scope of the Food and Drugs Act. As will be seen in the first section of the bill, the meaning of the word "drug" is enlarged. It is to take in such things as surgical materials, including sutures and bandages sold as sterile, thereby giving some control by the department of the sale of articles of this description which are sometimes found to be non-sterile and therefore dangerous. It is intended also to give control over diagnostic extracts used in detecting food allergy and introduced into the body through abrasions made in the skin. It will affect glandular extracts administered to produce effects upon the body, even when no diseased condition exists, and will apply to household chemicals, including disinfectants such as javelle water, chloride of lime and cockroach powders. To improve the statutory means for protecting the purchasing consumer against injury to health and against deception in food and drug products, authority is sought to deal in greater detail with matters such as packaging and labelling, advertising, adulteration and the use of dangerous materials. It is sought to obtain some control over cosmetics, which have not hitherto been under the control of any department. Certain matters pertaining to imports and exports are also dealt with, in recognition of international trade practice.

If my hon. friend wishes I could perhaps indicate to him some of the deleterious materials which are to be found in cosmetics. Cosmetics comprise creams, depilatories, shaving creams, hair dyes, eyelash and eyebrow dyes, eye preparations, nail preparations, rouges, et cetera. All these have been known to contain substances which are injurious; some have actually caused blindness. Creams may contain harmful or irritating substances such as mercury or carbolic acid. Depilatory creams may also contain sulphides causing skin burns and rashes. Shaving creams are also marketed as depilatories and for softening

the beard, and shaving creams sometimes contain injurious substances. Hair dyes are known to contain lead, arsenic, mercury or other injurious substances. I have a long list of substances which might be introduced into cosmetics and cause injury.

I can assure the committee that there is no intention to deprive the fair sex of their inherent right to use any artificial expedient to enhance their natural beauty, but it is intended that they should get a fair break when they purchase articles of that kind, so that at least they may do so with the assurance that some protection is afforded them against illness or injury.

Mr. BARBER: I think the minister will agree that his department has had the full cooperation of the pharmacists throughout this country in regard to legislation which has been brought down in previous years. I believe that this measure also, the greater part of it, will receive the cooperation of that profession. There is a certain section, of which I suggest there might be some amendment to remove possible hardship or misunderstanding as far as the profession is concerned. But I shall reserve my remarks on that until we come to the section.

Mr. MARTIN: This may not be the right time—perhaps I should have done it earlier—to suggest to the minister that this bill should be referred to the banking and commerce committee in order that opportunity to be heard may be afforded to parties who approve the general purport of the bill but would like to offer suggestions based upon their experience in the trade. In my own constituency there is a large company interested in the manufacture of many of the commodities affected by the proposed legislation. While it is their feeling that generally the bill is to be commended, there are some particulars in which their experience and assistance might be of value. If the minister and the committee should not agree with the suggestion that the bill be referred to a standing committee of the house, I shall have at a later stage in the proceedings certain amendments to suggest. But I rise at this time mainly to ask the minister for an opportunity of having this matter referred to the standing committee on banking and commerce—

Mr. WOODSWORTH: Why banking and commerce?

Mr. MARTIN: Well, any committee of the house which might have some concern with it—if not banking and commerce, perhaps public accounts, or a special committee.

Mr. POWER: I think I can say frankly that so far as the principle of this bill is concerned we have had the support of the manufacturers of preparations and of the Canadian Pharmaceutical Manufacturers Association, which includes them all. But on certain sections of the bill I have had representations which indicate the opinion that the powers sought to be obtained from parliament to make regulations is perhaps too arbitrary. I have no objection to making the greatest possible effort to meet those objections. I propose to introduce an amendment to section 5, subsection (k), which is the one to which objection was taken. We shall come to that subsection in a minute, but perhaps I may have permission to say that under section 5 power is given to the department to make regulations prohibiting the sale or defining the conditions of sale of any substance as a food or drug, or to restrict in like manner its use as an ingredient. It was represented to me, and I think very properly, that this power of regulation would be excessive, and I have been asked to specify that the substances to be covered by these regulations should be qualified by some such word as "deleterious," or their "indiscriminate use" possibly dangerous to the public or prejudicial to health. I think we can work out an amendment along those lines which, if it is not entirely satisfactory to everyone concerned, will at least meet the wishes of this committee.

In reply to my hon. friend who asked that the bill go to a committee, I am at a loss to know to which of the standing committees it could be referred. I doubt whether it would properly come under the jurisdiction of the committee on banking and commerce. With regard to setting up a special committee, it seems to me the committees of the house will be pretty busy this year with others matters, and it would not be desirable to set up a special committee for the purpose of dealing with one or two subsections of a bill which, however important it may be, can hardly be said to be important enough to keep hon. members away from the sittings of the house. Personally I have no objection to its going to a special committee, but I should like to have an expression of opinion from hon. members as to whether they consider it should be

so committed. I believe we could go along and make some progress with the bill, and if there is objection to any section or subsection I shall be quite willing to meet hon. members or those on behalf of whom they speak and endeavour to iron out the difficulty. The Canadian Pharmaceutical Manufacturers Association did in fact meet the officers of my department yesterday and had some discussion with them. I cannot say that they were satisfied, but I think on most points there was substantial agreement. On the subsection mentioned a moment ago I do not think they agreed, but I am quite willing to hold that over for further discussion.

Mr. BARBER: I do not see any particular reason why the bill should be referred to a special committee if the minister will undertake to make a few minor amendments. As he has mentioned subsection (k), I should like to suggest to him a wording something like this—

The CHAIRMAN: Order.

Mr. POWER: Would my hon. friend wait until we come to that?

Mr. BARBER: The minister referred to that section.

Mr. POWER: I was discussing it only in general terms, in regard to sending it to the committee. We will come to that later.

Mr. GREEN: Will the provision respecting material that may be used for "disinfection in premises" or for the control of vermin cover the disinfection of homes? In Vancouver a few months ago several children died as the result of getting into a house that was being disinfected. Will this amendment give the department any control over disinfectants used for such purposes?

Mr. POWER: We are endeavouring to obtain control of the disinfectant itself, not the manner in which it is applied, that is to say, the precautions which should be adopted when disinfecting is going on, or after disinfection. I would say that would be almost entirely covered by police or municipal regulations. We would control the strength, if I may put it in non-technical terms, of the material; but I doubt whether this federal department could set up guards to prevent people from going into a house that had been disinfected.

Mr. GREEN: But can you say what disinfectant shall or shall not be used for these purposes?

Mr. POWER: I hardly think we could; I do not think we have any authority under the act. The word "drug" here includes any material that may be used for disinfection in premises in which food is manufactured, prepared or kept, or for the control of vermin in such premises. I do not know that we could interefere with the municipal health authorities in their work of disinfecting houses or in the selection of the particular kind of disinfectant which they should use. I am afraid we would not have authority to do that.

Mr. GREEN: Under this section you are taking power to control the material used in premises in which food is kept. Would it not be wise to extend that to cover any premises in which people live?

Mr. POWER: I hardly think we could go that far. This control which we wish to exercise is control over certain insect poisons which in appearance resemble food materials. I think it was in Vancouver that an incident occurred not very long ago in which I believe cockroach powder was mistaken for baking powder, and several fatalities resulted. Some of these insect powders resemble starch, baking powder and flour, and we hope to be able to perhaps give instructions to the manufacturers that they must label these insect powders or colour them so that they will not be dangerous. Ordinary insecticides used in agriculture are controlled by the Agricultural Pests Control Act, but that does not cover the poisons employed in households, restaurants, hotels, food warehouses and factories. Certain poisons used for the destruction of rodents are likewise so dangerous to human beings that they should not be employed except in places where there is no possibility of food being contaminated. That is the object, so far as they are concerned.

Mr. McCANN: How does the minister expect to control the use of these poisons, except through the sale, if they are allowed to be sold?

Mr. POWER: Through the sale only, and of course, as I suggested, we might insist that the manufacturers colour these insecticides so that they will have a different appearance from materials used as food.

Section agreed to.

On section 2—"Medicine", "cosmetic", "manufacture".

Mr. MARTIN: Subsection 1 reads: "Manufacture means manufacture for sale." I do not suppose the intention is that sales to physicians or hospitals should be included. Would it not be better to have this subsection read: "Manufacture means manufacture for sale to the general public"? Any drug may be sold to a physician or hospital, and

obviously the purpose of the legislation is to protect the public, rather than those who may be presumed to know the character and chemical content of the commodity sold.

Mr. SLAGHT: Would this subsection prohibit the manufacture of a drug which is being distributed free, the cost of which is being defrayed through philanthropy? I have in mind an instance in which that is being done. I do not propose to mention the drug or the present manufacturers of it, but with the approval of the department this drug has been manufactured for some two and a half years and distributed through physicians only, free in all cases. That has been made possible through the very generous contributions of a philanthropist in Philadelphia, outside this country altogether, and it would seem to me a pity if, perhaps by inadvertence, this amendment should go so far as to make it illegal to continue to manufacture and distribute this product, which in my view, after considerable investigation, has great therapeutic value. The minister may or may not have considered the effect of this subsection in an instance such as I have outlined.

Mr. POWER: Some time ago our attention was directed to the matter to which my hon. friend refers, and we in the department had some doubts as to whether we had any authority over the free distribution of products which were still, so to speak, in their experimental stage. We came to the conclusion that it was doubtful whether we had any authority, but in order to make the matter clear the definition herein contained was introduced, which is not the full dictionary value of "manufacture." Taking the full definition, we probably would cover the point raised by my hon. friend, and in fact would go beyond it. Probably we would go into the private business of physicians who compound their own prescriptions, and incidentally, perhaps, charge something for the medicine which they give the patient as well as for their services as physicians. We felt that it would be too much to ask the department to go into that field; therefore we confined ourselves to the words "manufacture for sale," so that if there is no sale involved we have no jurisdiction over the operation.

The hon. member for Essex East (Mr. Martin) has suggested that we extend the definition of "manufacture" to cover manufacture for sale to the general public. Many products which are packaged and sold to physicians carry more or less misleading advertising. In most cases the physician has not the laboratory or instruments at his disposal with which to test the claims made for a particular product. I should think that a large number of the medical profession would be ready to give the department the right to check up on some of the claims made for certain materials and substances. It would be extremely difficult to have one rule for the physician and hospital and another for the general public. As I have said, many physicians, particularly those in rural districts, have no means of testing these products. We would be assisting them if we could submit some of these materials to laboratory tests in Ottawa or in other parts of the country. For that reason I regret that I cannot agree with the suggestion made by the hon. member for Essex East.

Mr. TAYLOR (Nanaimo): I have some doubt as to the definition of "medicine" in subsection (j). It appears to me that if the word "stimulating" were added after the word "restoring" the whole definition would have greater value. The three words now used do not entirely cover the field.

Mr. POWER: I imagine that the word "modifying" would cover "stimulating."

Mr. TAYLOR (Nanaimo): "Modifying" seems to suggest modifying downward rather than upward.

Mr. POWER: I have no objection to putting in the word "stimulating" if my hon. friend wants it in, but I do not think it would make any difference. I believe the present definition is broad enough. "Modifying" means to modify either by lessening or by increasing.

Mr. TAYLOR (Nanaimo): I do not think there is any word in the definition which definitely covers the meaning of "stimulating." I make that suggestion.

Mr. MARTIN: Has the minister given consideration to the constitutionality of this whole provision? It will involve some violation of the private property principle of the British North America Act. Has the Department of Justice given consideration to that aspect of it?

Mr. STEVENS: This is only a definition.

Mr. MARTIN: I am just using this section as an opportunity of making a comment. As the minister is anxious to cooperate in the matter, will he allow this paragraph (I) to stand?

Mr. POWER: I have no objection, but I must say to my hon. friend that it will take a lot of argument to convince me that the definition is not a correct one, in view of the purpose sought to be attained by the section.

Mr. HOWDEN: The hon. member for Parry Sound (Mr. Slaght) referred to substances which might be distributed gratis to the public. As I understand it, if such a substance should have a deleterious effect or non-desirable content, this department would have no control.

Mr. BAKER: Because it is not sold.

Mr. HOWDEN: Because it is not sold.

Mr. POWER: Perhaps I can answer my hon. friend. Section 31 of the Food and Drugs Act as it now exists reads:

> No person shall distribute, cause or permit to be distributed from door to door or in a public place or on a public highway or through the mail, any sample of any drug: provided that this section shall not prevent manufacturers or wholesale dealers from distributing samples by mail or otherwise in compliance with individual requests for same, or from distributing samples to physicians, veterinary surgeons, dentists, registered nurses, hospitals, or to retail druggists for individual redistribution to adults only.

I do not think that covers the point raised by my hon. friend.

Mr. HOWDEN: If the Food and Drugs Act does not contain a provision for the control of such, shall we say, philanthropic distribution, then I suggest that an amendment should be made to the act.

Mr. POWER: I am afraid that if such an amendment were made we should be accused of endeavouring to obtain jurisdiction over research laboratories and the work of private physicians. After all, many physicians are devoting a great deal of their time in an effort to bring about better conditions in the medical field. The department may not be qualified to pass judgment on a new product manufactured by a laboratory because it may not have been brought to our attention, either here or elsewhere. I can see difficulties in the way of carrying out the suggestion of my hon. friend, but I have no objection to submitting it to the officers of the department. When we return with this bill I can let him know whether it will be possible to meet his wishes.

Mr. HOWDEN: The department now has full control over such substances as may be sold; the department certainly controls the sale of any doubtful substance or one which may be dangerous to the public if consumed, and it seems reasonable that it should have control over distribution without sale. I merely suggest that the department should take authority to control such distribution.

[Mr. Power.]

Mr. LANDERYOU: There are provisions in the act to control the sale of many materials used in medicine, but is there any provision in the act, and if not does the minister contemplate putting one in, for control to prevent people from being exploited by exorbitant prices? For instance, it is a matter of common knowledge that aspirin tablets can be made for eight or ten cents a hundred, yet they are retailed at twenty-five cents for a box of twelve; and coloured water is being sold at high prices.

Mr. POWER: I should like to have controlled what has been called the cosmetic racket, where ten or fifteen cents' worth of powder and grease is sold for four or five dollars. But I doubt whether the federal parliament would have authority to fix those prices, and I should hate to have control of the department which fixed the prices of such materials. If for the moment we see to it that there are no substances in food or drugs or other articles of the kind which might be deleterious to human life, I think we shall have gone about as far as we can. I have every sympathy, however, for the plea of my hon. friend.

Mr. LANDERYOU: In other words, the minister is doubtful whether we have the constitutional right to fix prices. In the province of Quebec an act was passed to fix the price of shoe repairs, and I read in the press—I have not studied the evidence—that the legislation has been set aside by a court decision as ultra vires of the provincial government. Just how far does the minister believe we can go in fixing prices in respect of the manufacture and sale of these ingredients?

Mr. POWER: I do not know. I should not be prepared, either now or perhaps at any other time, to give a legal opinion as to the value of the decision given by the courts with respect to shoe repairs and its effect on price-fixing in respect of other articles. I will not go so far as to say whether or not this parliament has authority to fix prices, but I do know that as a matter of public policy, price-fixing is extremely difficult to carry out, and for the moment at least I should not like to undertake it. If we fixed prices of cosmetics we should probably be asked—and the public would have a right to ask it—to fix the prices of nearly everything else. I do not know that I should be prepared to go into the job of fixing the price of sausages and any number of other articles of food which the hon. gentleman might mention. I do not wish to attempt it at the moment, anyway.

Mr. LANDERYOU: Would it be fair to say that the minister would be in favour of regulating prices to prevent such exploitation of the consumer as is taking place in the sale, for example, of cosmetics and many drugs?

Mr. POWER: It rather appeals to me as a theory, but I do not know how it would work out in practice. I have an amendment to paragraph (j) of section 2, which I will ask my colleague to move.

Mr. DUNNING: I move that paragraph (j) be amended by deleting the word "or" in the third line and adding the words "or stimulating" before the word "organic" in the third line of the said section.

Mr. STEVENS: How will it read now?

Mr. POWER: It will read:

(j) "medicine" means any substance or mixture of substances that may be used in restoring, correcting, modifying or stimulating organic functions.

Mr. STEVENS: The amendment does not fit in.

Mr. TAYLOR (Nanaimo): The proper place for "stimulating" would be after "restoring."

Mr. POWER: We will let the clause stand and I will see that it is drafted to meet the wishes of my hon. friend.

Section stands.

On section 3—Regulations.

Mr. GREEN: Why is the word "net" used in the second last line before "contents"?

Mr. POWER: Because under section 7 (f) of the Food and Drugs Act, they are exempted from the necessity of giving a statement of weight, measure or number on the package or container, packages and contents which are under two ounces. In view of the fact that cosmetics are put up in packages of very small sizes we now intend—we may have some difficulty in achieving it—to insist that the makers of cosmetics give a statement of the weight, measure or number on even the small containers. We are therefore inserting in the bill a provision which will force the manufacturers of cosmetics to do what manufacturers of other articles are compelled to do under the Food and Drugs Act.

An hon. MEMBER: That is so that the lady will know what her lipstick weighs?

Mr. POWER: Exactly—the weight of lipstick on the lips.

Mr. GREEN: The words "net contents" really mean weight, measure and number.

Mr. REID: I hope the minister will give consideration to the size of the lettering required on the container. One almost requires a microscope to read the statement of ingredients, which the manufacturer wants you to skip, on some of these packages.

Mr. POWER: That is true.

Mr. LANDERYOU: Paragraph (b) reads:

(b) respecting the packaging and labelling of any article of food or drug and the design of any such package or label with a view to preventing the public or the purchaser being deceived or misled as to the character, strength, quality or quantity of the article and requiring, notwithstanding anything contained in paragraph (f) of section seven of this act, a declaration of net contents upon any package containing a cosmetic;

I find myself in accord with the section, although I repeat that I should like to have the minister consider the insertion of words which would prevent exploitation in respect of price.

Mr. POWER: I am sorry I cannot do that. But we are doing this—and perhaps this will meet the views which have been energetically expressed by the hon. member for Kootenay East (Mr. Stevens). In practice we have been endeavouring to prevent misrepresentation in packaging. That is to say, certain things are sold in large packages on which the contents are properly described, but the packages are only half filled. I believe the term is "slack filling."

Mr. STEVENS: Deceptive.

Mr. POWER: I believe the technical term used in the trade is "slack filling." We have in some cases prevented that. We have made seizures of packages which did not contain a quantity sufficient to fill the box. We are not sure whether we have legal authority to do it, and we are endeavouring by this section to get it.

As to fixing prices, again I am sorry to say that I do not think I can agree with my hon. friend.

Mr. LANDERYOU: I suggest that we could request the manufacturers to print on the package the actual cost of the materials which go into the manufacture of cosmetics and drugs. It would not necessarily mean setting the price, and the people would be protected from exploitation by knowing the actual cost of the ingredients used. As the minister has said, they may throw together a little chalk and some other cheap ingredients and offer them at three or four dollars an ounce. Could not the government insert a provision which would force these exploiters of the consumer

to state the actual cost price of the ingredients —not necessarily the cost of their overhead, if they wished to separate the items—which go into the manufactured drug?

Mr. POWER: There is an old rule, *caveat emptor*. After all, if we by regulation go to the extent of seeing to it that the product is pure and that the quantity is that which is specified on the package, really the responsibility for the price he is going to pay devolves on the purchaser. With every sympathy for the suggestion of my hon. friend, I think if he will allow us to go to-day as far as we are going in this bill, in years to come perhaps we may be able to meet his wishes by amendments to other legislation. I doubt whether an amendment of the Food and Drugs Act alone would be sufficient to bring about such a price regulation as, to be effective, would need to be general.

Mr. LANDERYOU: Does the minister think it is better for the consumer to be deceived or misled as to strength or quality, or deceived or misled as to the actual value of the article he is buying? Which does he think is the more dishonest proceeding?

Mr. POWER: Frankly I would not judge as between standards of morality or honesty. My hon. friend may have standards which differ entirely from mine. My standards might not fit the peculiar puritan mentality of my hon. friend, and his—perhaps—more narrow ones might not fit my wider views of morality and honesty.

Mr. LANDERYOU: That is not what I meant. Why not give this protection as regards both phases? I am not going to say which we should preferentially protect. But here is the point. Many people in Canada to-day have hardly enough money to buy necessary food, clothing and shelter, to say nothing of drugs and other preparations; nevertheless they do it. Millions of dollars are spent on cosmetics by flappers and others.

Mr. MARTIN: Will the hon. member permit a question? What does "flapper" mean?

Mr. LANDERYOU: It is a term which has been given to young girls who use cosmetics and articles of that kind. Not being as expert in these matters as is my hon. friend, it is rather difficult for me to tell him.

Mr. MARTIN: I thank the hon. member for his information.

Mr. MacNICOL: They are usually called "chickens," are they not, Mr. Chairman.

Mrs. BLACK: With all due respect to the minister and to the hon. member who has just spoken, I think I may be allowed to say that I know as much about cosmetics as any man here. I use lipstick when I like it; I do not care how much it weighs, or how little. The hon. member has spoken of flappers and of young people. The girls of to-day, and the same applied even to those of my day, from the time they are old enough to know anything about titivating, want a little powder. In my day we used rice powder, or even corn starch. To-day the girls want a pretty compact; and if I like a compact I do not think about what I am going to get inside of it. Let me give hon. members a practical demonstration. I open my bag, I take out my compact, and I use it as much for the show and the beauty of it as for what it contains. While unfortunately I am not a flapper, I believe the minister can protect us by seeing that we do not use poison,—

Mr. POWER: That is it.

Mrs. BLACK: —as we would if we used preparations containing arsenical ingredients.

An hon. MEMBER: That is the idea of the bill.

Mrs. BLACK: Finally, after giving an example of what is fairly good, I will leave the matter in the hands of the minister.

Mr. LAPOINTE (Quebec East): That is a pretty nice box, too.

Mr. LANDERYOU: This is not a question of a difference of opinion about the morals of the business; my contention simply is that we should give the consumers protection as regards price. I again ask the minister to consider the advisability of protecting people against price exploitation. I do not think such action would necessitate the establishment of just prices for sausages or anything else except the items under discussion. Let manufacturers be forced to place on the carton the actual cost of the ingredients.

Mr. WALSH: The hon. member who last spoke used the term "consumer". I am at a loss to understand to whom he refers—whether it be the person who purchases the article and applies it to her face, or the person who might otherwise come in contact with it. Personally I think the minister is going quite far in protecting both parties if he protects against serious danger to the person who uses cosmetics. I am sure that the person who is anxious to use them will be wise enough to see that she gets what she is looking for and is able to pay for it. If she cannot afford a four dollar or three dollar article she will accept a product that costs a dollar

and fifty cents. As she grows more accustomed to cosmetics and wealthier in this world's goods, she will protect herself to better advantage when she can afford to go into the higher priced field. I believe that the hon. member's question has been amply answered by the minister, and that sufficient protection is being given under the amendments which have been proposed.

Section agreed to.

On section 4—Regulations.

Mr. KENNEDY: Does not the last part of the paragraph refer only to a dominion analyst, and exclude provincial or municipal analysts? Would it not be better to change the wording so as to designate any qualified analyst as a dominion analyst?

Mr. POWER: Our inspectors are comparatively few in number, and it sometimes happens that sampling and other operations, through an unavoidable combination of circumstances, must be carried on during the absence of an inspector. Tentative arrangements have been made from time to time to cover this difficulty, but they have been without statutory authorization. The statute provides that in certain circumstances the inspector shall take certain action, and we wish to enlarge the number of people who may be named as inspectors. There is no question of any new appointments in the department. The change is made so that, if necessary, our officers may be named as inspectors for purposes of prosecutions or making seizures.

Mr. KENNEDY: I agree with that. But the term "dominion analyst" means an employee of the dominion government. It may at some time be necessary for a municipal or provincial employee to act as dominion inspector. Could the wording not be changed to "designating any qualified analyst"?

Mr. POWER: Did the hon. member read the section? That is what it is for.

Mr. BLACKMORE: I can understand what is causing the difficulty of the hon. member. One finds some trouble in understanding the underlined words, in view of what is said earlier in the section. I am not sure that I see the connection. As I read the section it does not seem to be in harmony with the underlined words.

Mr. POWER: We had no authority to name any of our own people as inspectors, until we took it under this act. An inspector means any person duly appointed for the purpose of carrying out the provisions of the act. It would have been necessary for me to go to the civil service commission and obtain the appointment as inspector of a special man. Under the authority conferred by the bill it will be possible to take any of the qualified officers of the department, and to say, "You are an inspector for this purpose." Otherwise I would have to name a new inspector under the provisions of the Civil Service Act.

Mr. STEVENS: That is, any dominion analyst may at any time be authorized to act, under the terms of the act.

Mr. BLACKMORE: We are wondering whether or not this means the minister could select an inspector appointed, for example, by Ontario or Saskatchewan, or an inspector in the employ of some municipality, and whether that inspector could act as a dominion inspector. The wording does not make it clear.

Mr. POWER: I can see that perhaps there would be some administrative difficulties in our appointing as inspectors people named by some other authority. We feel that with the extra authority given to us by the section we will have less trouble than we had before. It is only a technical requirement and is intended to cover cases where an inspector has specific duties to perform under the provisions of the Food and Drugs Act. For instance it would apply to section 9 of the act which has to do with the procuring of samples. In the different cities of the dominion we have what are known as food and drug inspectors. It is their job to procure samples of foods or drugs from persons who may have such articles in their possession for purpose of sale, or exposed for sale. The inspector may procure such articles either by purchase or by seizure. We want to enlarge the field of the inspector so that a dominion analyst, for the purpose of giving evidence in a court, could, if we so desired, be called an inspector. That is all we wish to do under this section of the bill.

Section agreed to.

On section 5—Regulations.

Mr. MARTIN: The minister has given the impression that because of a desire for greater clarity in connection with the section he proposes to let this matter stand.

Mr. POWER: I propose to let paragraph (k) stand.

Mr. MARTIN: With that in view I wish to offer two amendments in respect to the

same matter, so that the committee may be given an opportunity to consider which is the more desirable, if indeed either of them is desirable.

Paragraph (k) as it now stands gives the governor in council unlimited powers of prohibition and of determination of conditions of sale, not only of dangerous foods and drugs but also of perfectly harmless ones. I think clearly the intention of the section is to restrict the regulation to harmful substances, and with that in view I would suggest an amendment along these lines:

Prohibiting the sale to the general public or defining the conditions of sale to the general public of any substance dangerous to life as a food or drug, or restricting in like manner its indiscriminate use as an ingredient in the manufacture of food or drug.

After the word "substance" I have suggested the addition of the expression "dangerous to life," the intention being to guarantee the protection of society against substances which may be dangerous to the lives of individuals.

Mr. McCANN: Why not substitute the word "health" instead of "life"?

Mr. MARTIN: With this suggestion before us in writing we can see it in proper perspective. Then, there is the stronger suggestion that after the word "substance" as it appears in paragraph (k) of the section we add the words "injurious to life or health" or, perhaps, the words "the indiscriminate use of which may be dangerous to life or a menace to the public" I suggest that we should have an opportunity to have the proposed amendments before us in writing, together with others which may be suggested, so that we may have a clear perspective of the whole thing.

Mr. POWER: I shall be glad to consider the suggested amendments.

Mr. GREEN: Apparently paragraph (j) provides for the licensing of manufacturers of cosmetics. The explanatory note states that not only are manufacturers to be licensed, but also the sale must be licensed. Which is correct?

Mr. POWER: I do not think it is intended to go so far as to license the sale. The intention at this time is simply to ask the manufacturers of these preparations to take out licences, so that we may have some means of control.

Mr. BARBER: Would that be the same as under the Proprietary and Patent Medicines Act?

[Mr. Martin.]

Mr. POWER: We are not going as far as that goes. Under that act I understand they ask for a licence number for each preparation. It is very difficult to do that here, but we want to know who are manufacturing these articles. Then, if we find through our inspectors or otherwise that some of these are dangerous, we have some hold on the manufacturer by telling him that we will not renew his licence another year. These are yearly licences. I do not know that we could license the sales of an individual preparation.

Mr. GREEN: Should not importers be licensed also?

Mr. POWER: We have a section for that in the Food and Drugs Act.

Mr. STEVENS: I quite agree with the hon. member for Vancouver South (Mr. Green)—

Mr. POWER: The explanation is bad.

Mr. STEVENS: Yes, but is it clear that importation is controlled as carefully and fully as manufacturing? Otherwise some of the variety chain stores, which sell a great deal of cosmetics, might import goods which were not properly controlled.

Mr. POWER: Section 10 of the Food and Drugs Act provides that:

Any inspector when authorized thereto by the minister shall have the right to examine any customs entries of imports of food or drugs into Canada and to take samples of any food or drug sought to be imported into Canada and to submit such samples for analysis to a dominion analyst for examination and report.

2. In any case where samples are taken such food or drugs shall not be delivered to the importer or consignee until the dominion analyst has reported upon the samples taken.

3. If he reports that the food or drug is adulterated or misbranded, such food or drug shall not be admitted into Canada for use as a food or drug.

Mr. STEVENS: But that will not cover the matter. Under this clause you are making it mandatory to license the manufacturer. I am not objecting to that. But what the minister has just read is permissive only; an inspector "may" if he wishes—

Mr. POWER: When authorized.

Mr. STEVENS: But there might be a hundred importations which would pass without any inspection at all. The imported article ought to be subjected to just as close regulation as the article made in Canada.

Mr. POWER: Under clause 6, section 10A of the bill provides that:

10A. The department may order that the manufacturer of any article of food or drug shall furnish a declaration in prescribed form

asserting that the article in question as manufactured by him has been made in accordance with all requirements of this act and the regulations thereunder, and if importation is sought for any shipment of such article of food or drug, customs entry shall be refused if the shipment invoices and bills of lading are not accompanied by duly certified copies of such declaration.

We take power to ask the importers to give us much the same assurances and guarantees as the Canadian manufacturer is obliged to give. If it is not strong enough I am willing to strengthen it. I agree that we must watch importations just as much as articles of Canadian manufacture. There is no question in my mind as to policy.

Mr. STEVENS: There should be just as exact and mandatory powers. You are going to license, and that licensing will apply to all manufacturers; there will be no escape. But both the clause previously read and this one provide that the department "may" order; it is not mandatory. If the licensing feature is adopted there should be a licence before anyone could clear from the customs or sell an imported article.

Mr. POWER: I am quite willing to let the paragraph stand and consider that feature, because I repeat that we have every intention of making the regulations as drastic for those who import as for those who manufacture. We shall do whatever we can to see that they are subject to exactly the same regulations.

Mr. GREEN: The proposed section 10A provides for a declaration by the manufacturer, but not the importer. So there is no direct control over the importer.

The CHAIRMAN: Order. We are not on section 10A yet.

Mr. GREEN: But the minister referred to it.

The CHAIRMAN: Do I understand that paragraph (j) stands?

Mr. POWER: Paragraph (k) stands.

Mr. NEILL: Before paragraph (k) stands I wish to call attention to this illustration of what I have so often complained of, the tendency of departments to introduce a bill dealing with some specified change, which is thoroughly discussed and agreed on, and then along about the end to slip in a little clause giving the department power to make regulations under the act, and under these regulations they go to work—wide open—and very often make practically a new act. In some instances it is totally at variance with the act passed. I may give two illustrations. Some years ago we passed an amendment to the shipping act, about as big as a family bible. Two years later I and others were met by indignant vessel owners asking, "What on earth have you done? Here is a regulation which, if we follow it, makes it absolutely impossible to use the boat for the purpose for which we want it," fishing or some other purpose. Then we look the matter up and find that we were not a party to that at all; it was done under this power of putting in regulations.

Another case arose in the last few weeks. Apparently power was taken in connection with this matter of drugs to prohibit the importation of a certain drug. It is administered by the Department of National Revenue. A man wrote to me saying, "I have been taking a certain drug, you know how crippled I used to be." He had some form of arthritis or sciatica, I know he was badly crippled. He tells me, "I have now been able to throw away my crutches. I used to be able to get this preparation in Toronto, but they stopped making it and referred me to a firm in the States. I bought some from them, but it was held up by the customs on the ground that it was prohibited." I made inquiry and the answer was that an exaggerated statement was made about it on the label they called it a "cure," and in the opinion of the official of the department it was not a cure. But the man who took it said it was a cure. It was a case not of saying the stuff was deleterious, but simply that the advertisement on its face said it was a cure, and they objected to that as an exaggerated claim. Now that unhappy man has to go without something that he believes cured him. It may be a case of faith-healing, but he knows that it made him better. A provision like that would never have gone through this house; it was done under a regulation.

Paragraph (k) deals with "sale of any substance as a food or drug." "Any substance"—it might be potatoes. That is going further than the original act. It defines half a dozen things in regard to which regulations may be made, but none so sweeping as this little paragraph.

Then I call attention to another phase. How are we to discover these things? This deals with any substance of food or drug. How is the general public to be advised of it? Ordinarily at least we would have the protection of having it published in the *Canada Gazette*, and while ordinary people do not read the *Canada Gazette* perhaps the newspapers would

copy it. But under section 3 of the Food and Drugs Act the only obligation to publish regulations made under it in the *Canada Gazette* is limited to those made under paragraphs (a) and (b). If we are going to do anything so drastic as give the government or the department power to prohibit the sale or define conditions for sale of any substance used as a food or drug, at least it ought to have that much publicity that it would be published in the *Canada Gazette*. It would require amendment of this paragraph and of section 3 of the original act. Will the minister look into that? Because if it is carried out in the terms of paragraph (k) it will be quite drastic.

Mr. POWER: I have every sympathy with my hon. friend's point. Many a time when I was sitting on the other side of the house I had things to say about the bureaucratic system of passing legislation and then providing by regulation that almost anything could be done. It was for that reason that, when my attention was called to paragraph (k), I agreed to endeavour to meet the wishes of those who might represent that it was too wide. But, by way of excuse or justification, I submit that it would be absolutely impossible to make statutory enactments for everything that might come up under a food and drug act.

Mr. NEILL: I admit that.

Mr. POWER: With the advance of science; with new discoveries in these lines, it would be absolutely impossible—without coming to the house perhaps every six months for amendments—to cover everything. After all, the object of this legislation is to protect the public health. In some instances it is essential that some power and authority rest with the officers of the department in order that they may be able to exercise their function of protecting the public health. I do not know how we could carry on the administrative functions of this department unless we had certain power to make regulations under the statute. It would be impossible. The whole difference between the hon. member for Comox-Alberni and myself is the extent to which the authority given by parliament should go. I do not want any excessive authority, I am sure, but I believe we should have such authority as will enable the officers of the department by regulation to carry into practice what I consider are the wishes of the members of this house.

Mr. NEILL: At any rate the minister would consider publishing the regulations in the *Canada Gazette*? That would not cost much.

[Mr. Neill.]

Mr. POWER: I think that is provided for, is it not?

Mr. NEILL: Not under section 3 of the old act. It only says those under paragraphs (a) and (b) must be published; not the others.

Mr. POWER: As a matter of actual practice we have extended it to others, I am informed by my officials, but I see no particular reason why we should not consider publishing in the *Canada Gazette* all the new regulations; as a matter of fact, I am informed that this is what we do now. I would not, however, object to another amendment providing that all regulations should be so published.

Mr. BARBER: Before paragraph (k) is permitted to stand, when this bill was introduced earlier I suggested that I would present certain amendments. The hon. member for Essex East has presented one amendment which I think came from the same source as mine, and all I wish to do now is submit that these powers should be restricted to the regulation of harmful substances. As the paragraph reads, it undertakes to restrict the use of what might be termed harmless drugs. Bicarbonate of soda or epsom salts might be included, even, and I do not think that is the intention of the department. So I believe, if the first amendment were accepted, it would cover the case.

Mr. POWER: I shall be glad to consider the suggestion of my hon. friend.

Mr. MARTIN: An analysis of the whole act will reveal provisions for prohibiting false and exaggerated claims. Having that in mind I suggest that paragraph (m) be amended to read: "respecting false, exaggerated or misleading claims which may be made for any article of food or any drug." That would be consistent with the general provisions of the act dealing with false and exaggerated claims in connection with any commodity.

Mr. POWER: What is the objection to the present paragraph?

Mr. MARTIN: I do not think it is sufficiently far-reaching, nor do I think it is consistent with the basic provisions of the act.

Mr. POWER: I shall be glad to let paragraph (m) stand also.

Section 5 stands.

On section 6—department may require declaration by manufacturer.

Mr. POWER: Perhaps the hon. member for Kootenay East would prefer to have this stand also.

Mr. STEVENS: I do not want to delay the minister, but there is the point that was raised by the hon. member for Vancouver South. I think if the minister would have a careful examination made of the last four lines of the section, in order to try and harmonize them with the first part of it, it might be helpful.

Mr. POWER: Very well; the section will stand.

Section stands.

On section 7—Offence.

Mr. HAYHURST: Section 32A provides:

> Every person shall be guilty of an offence under this act who advertises any food or drug in a manner which is in any respect misleading or likely to create erroneous impressions regarding its value, composition, merit or safety—

In regard to the composition of a drug or a cosmetic, is there any provision in the act which will protect the public health by requiring that the ingredients entering into a cosmetic, let us say, shall be given on the label?

Mr. POWER: Under the regulations we can require that to be done, but I do not know that we would go to that extent in connection with all cosmetics. In some instances it would be very difficult to have all the ingredients enumerated on the package.

Mr. STEVENS: You prevent the use of injurious ones.

Mr. HAYHURST: You might have the manufacturers mention the injurious ones.

Mr. POWER: We are preventing the use of injurious ingredients altogether, if we can. This is principally to cover advertising by device, which has not been covered so far.

Mr. STEVENS: I think a great deal of discretion should be exercised in administering this section. Sometimes the inspectors, who, after all, are in the position of a judge, arbitrarily interpret the regulation under the very broad wording:

> Every person shall be guilty of an offence under this act who advertises any food or drug in a manner which is in any respect misleading or likely to create erroneous impressions—

That is language which it is almost impossible to define. The courts will interpret this fairly, but very often these matters do not get to the courts. The inspector goes in and says, "This is wrong; cut it out," or "We will not allow you to sell this." And of course a great many of those who handle these commodities do not want to challenge the inspector and fight it out in the courts; they want to conform to the law. Very often the inspectors are a little too arbitrary, shall I say, or too exacting, and a great deal of restraint should be exercised in regard to this discretion.

Mr. POWER: We endeavour to use a great deal of discretion; but my hon. friend will agree that one of the great complaints we have heard in recent years is that advertisers sometimes run wild in the claims they make on behalf of food products and cosmetics, and we must take some authority to regulate that. I quite agree with my hon. friend that a great deal of discretion must be used. After all, advertising is a fair, legitimate commercial business, and we must not interfere too much.

Mr. GREEN: It seems to me that the section goes very far. I would ask the minister to consider whether it would not be better to delete the words "is in any respect" as applied to "misleading." Those words do not appear in the corresponding section 32 of the act.

Mr. POWER: We put them in purposely.

Mr. GREEN: I suggest that the three words "in any respect" cover a great deal of ground.

Mr. POWER: I quite agree that you can fool some of the people some of the time, but you cannot fool all of the people all of the time. The intention of the department is to prevent people from being misled by claims which are not warranted, in connection with food or drugs or cosmetics. In order to do that we must have wide authority, but, on the other hand, that authority should be used with discretion. As the hon. member for Kootenay East pointed out, very few of these cases ever reach the stage of prosecution. What happens is that we call in the person or the firm advertising in this way and say: "Look here, you are claiming too much; we think you are trying to fool the people; there is such a thing as playing the game fairly; will you please delete from your advertising such and such a paragraph or such and such words?" We have not had any great difficulty in the matter, but we want to have some kind of stick which we can use in case we need it.

Mr. GREEN: You would still have the stick in the words, "misleading or likely to create erroneous impressions." With the words "in any respect" in the section, it means that a person would be found guilty even if making only the slightest mistake in a description.

Mr. POWER: Does my hon. friend wish this section to stand?

Mr. GREEN: Yes.

Section stands.

Sections 8 and 9 agreed to.

Progress reported.

LOAN OF $750,000,000

TO MEET LOANS OR OBLIGATIONS, TO PURCHASE UNMATURED SECURITIES, AND FOR GENERAL PURPOSES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following resolution:

That the governor in council be authorized to raise by way of loan under the Consolidated Revenue and Audit Act, 1931, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, this is an extremely important motion. It is not extraordinary in its form, and I want it understood clearly that I am not rising to find any particular fault with the manner of its introduction or with its form. The resolution is quite a normal one for this sort of thing. We are being asked to give the Minister of Finance absolute authority to borrow and use $750,000,000 for the purposes indicated. I have no doubt that when we come to the committee stage the minister will outline in detail the purposes for which he intends to use these large sums. My purpose in rising is to draw attention in a broad and general way to the principles which have governed our dealings with matters of this kind, and to invite the discussion of hon. members thereon. I should like to ask the house to consider with me a few questions. I shall express my views in regard to these questions as I proceed.

First, what is the policy of the government in respect to government financing? When I say "government" I am not using the term in any critical sense. I might just as well have asked, what is the policy of Canada? Much the same sort of policy which the minister will perhaps follow in dealing with this matter has been followed by previous governments. In common with other countries, during the past few years we have passed through a period of transition. We are to-day operating under an entirely different economic structure from what we were fifteen, twenty or twenty-five years ago. The control of finance to-day is different from what it was before. This change has been a gradual and evolutionary process, but it has been very real. I think one of the things we must do to-day is to try to adapt our present modern economic, and particularly our financial machinery, to the needs of the times.

At this point let me say that I am not inclined to share the views of some that the financial machine—I could refer also to the economic machine, but we are speaking of finances—of to-day is outmoded, or that we have not a good machine or a good system. I am inclined to the view that we have an excellent financial machine, that is, the banks, trust companies, loan companies and the various other methods by which it operates. But I have some doubt whether that machine is geared to modern needs. That is something which we ought to consider very carefully. So I ask the question: What is the policy of the government in respect to government financing?

I shall pause here and ask three questions. Are we going to New York for this money? Are we going to seek to raise these finances within Canada by domestic loans? Are we going to seek this money in the London market? These are the three possible markets where finances can be secured. In regard to the first method, I think we ought to ask ourselves this: If it is contemplated to raise these finances in New York, is this the wisest course? I am quite aware that it may be suggested that by merely mentioning these matters we are endangering the credit of Canada, but I do not think so. There is no such intention. I want to ask this question in a rather searching way, but I ask it with a perfectly clear mind, with no prejudices, and without reflection upon anyone: In view of economic conditions prevalent to-day, is it wise to go to New York for this money? Then we should ask this question: What is our present indebtedness to the United States? I am not going into a great deal of detail.

Mr. DUNNING: If I am not answering my hon. friend at this stage I hope he will remind me when we get into committee, because I shall be glad to give him that information.

Mr. STEVENS: Yes, I am mentioning it now to give the minister an opportunity when we come to the committee stage to deal with these questions more in detail.

I ask, what is our present indebtedness to the United States? I have not analysed the public accounts so as to give it from a dominion government standpoint; but taking it from the broad, general, national standpoint,

we owe to the United States in the way of bonded indebtedness or high-class securities, government, private and corporate, roughly speaking, about four and a half billion dollars, and that has been substantially the amount for the last ten years. In some years it has varied somewhat; for instance, there is a slight diminution this year, which should not amount to much more than twenty or thirty million dollars.

Mr. DUNNING: My hon. friend must not forget to qualify that figure by Canadian investments in the United States. That is a very important qualification.

Mr. STEVENS: Of course, there is a substantial investment by Canadians in the United States; nevertheless the fact remains that we have a substantial mortgage indebtedness to the United States, particularly in public and semi-public financing, such as dominion, provincial and municipal, also public utilities, and especially large power corporations, and pulp and paper company securities.

I am under the impression—I am not going to dogmatize—that as a going concern Canada has borrowed from the United States just about as much as she ought to borrow, having in mind the trade relations between the two countries.

Mr. DUNNING: I agree entirely.

Mr. STEVENS: I think that is a fair statement.

Mr. DUNNING: Not speaking governmentally, but as a people, on all accounts.

Mr. STEVENS: I am speaking simply as a Canadian, not in a political sense.

How are we going to repay the United States or repay any other creditor? We must repay—and I am sure my hon. friends opposite will welcome this statement—our debt with goods. That, I think, is almost platitudinous. Nevertheless it is a vital statement when we are faced with this particular problem. Over a long period of about fifty years—I think we should take a fairly long view in these matters—I found, when I checked it up some time ago, that we had an adverse balance of trade with the United States, limiting the term to trade in commodities, amounting to about two hundred million dollars a year. That has been a pretty definite trend. While in recent years there have been fluctuations, the adverse balance remained very steady for a great many years. Of course, during the years when the adverse balance was steady year after year, those were periods when we were borrowing most heavily from the United States, and of course the amounts we borrowed were reflected in imports. But that having been the trend year after year for some fifty or sixty or seventy years, I believe that we have come to the time when we ought carefully to analyse and review the economic relations of Canada and the United States, and certainly before we make any new extensive borrowings there.

But in addition to trade balances, in addition to the interest on the four and a half billion dollars that we owe to the United States, and repayments of principal on that capital, because year after year a portion of the capital must be repaid, we have certain services such as insurance, because a large number of our people have policies in the Metropolitan Life, the Travelers Insurance Company, the Guarantee Company, and so on, large insurance companies with head offices in the United States but doing business in Canada, and the Canadian premiums flow over to the United States. Of course, there is a reserve held in Canada and all that sort of thing; nevertheless this service constitutes an indebtedness to the United States which must be recognized. On the other hand, of course, there are certain imports, shall I say, of credits, such as the purchase of United States securities by Canadians, services by Canadians to Americans, and some insurance which may flow from the United States to Canada.

But, if we take it by and large, there is no doubt that the United States is a very heavy creditor of Canada, and our exports of goods have not in my opinion anything like kept pace with the requirements of meeting these other obligations. Therefore I am convinced that we ought to approach the United States authorities very frankly; for I suppose we are their most cherished debtor and the best trader they have, except on occasion Great Britain; but undoubtedly we are a good customer and a good debtor of the United States. We have paid our debts and are looked upon as a pretty safe investment. So the United States as a nation ought to be definitely interested in Canada, and we should discuss with them our situation with a view to enabling us so far as possible to pay our indebtedness to them through the export of goods.

I go a step further and come to the next question. How are we going to raise this $750,000,000 in Canada? Is that the program or policy? I am going to say something in respect to that which I have hesitated to say for the last couple of years. It has been on my mind to say it, but I have hesitated because one may be misunderstood, yet it is something that I think ought to be said.

If we are thinking of raising this sum or any large portion of by domestic loan in Canada we ought to pause and ask ourselves definitely, and ascertain exactly, what effect upon our economic structure raising these domestic loans in Canada has had in the past, and what is likely to be the effect if we raise this proposed issue in Canada at this time.

Let me give the house a few figures which are easily grasped and yet they are to me among the most vital factors that ought to be studied to-day in connection with our economic life. In 1926—I take that year as the one commonly accepted by economists to-day as the zero or standard year for economic tables—the banks of Canada held dominion and provincial government loans of $324,000,000; in 1931, the amount was $396,000,000—virtually no increase, or a very slight one. But in 1936 the banks held dominion and provincial government loans of $1,097,000,000, and in 1938 the banks held dominion and provincial government loans, together with treasury bills, amounting to $1,287,000,000. I pause there to point out that there was a jump between 1931 and 1936 of about $700,000,000, and that was the period in which we floated a domestic loan of $600,000,000, around 1932 or 1933—I am not sure of the exact date. That domestic loan in Canada is reflected largely, I think, in the amount held by the banks, because when we float these loans in Canada it is very necessary, as I believe the minister will agree, for him to ensure their success, and this is done now by the Bank of Canada, and formerly through the finance department, ensuring that the banks and insurance, loan and trust companies will absorb the issue, whatever it may be.

Mr. DUNNING: I would not accept that fully. It requires qualification.

Mr. STEVENS: I am not going to quarrel over that to-day; but generally speaking, whoever issues the loan, the finance department or the Bank of Canada, must have received assurances that the loan will go over, and you can only get that assurance by the banks and others more or less undertaking that they will absorb the issue.

Mr. DUNNING: No.

Mr. STEVENS: My language may be unfortunate, but I think I am not very far out. Anyway we shall not quarrel about that point. Let us come back to the facts.

Mr. DUNNING: Perhaps, in order to avoid a possible wrong impression, my hon. friend would permit me just one word on that point. In connection with a popular issue through the Bank of Canada to-day and for some time past, dealers all over Canada become the purchasers. What you might call institutional purchasing is a relatively small proportion of the whole. But, if my hon. friend will permit me to say so, he is right in a different way. Undoubtedly a great many purchasers of bonds finance their purchases by arranging for a part of the sum of money required by way of a loan from a bank or trust company. But the banks themselves cannot give us any assurances at all—

Mr. STEVENS: No; I said "banks, insurance companies, trust and loan companies;" I should have added, of course, brokers. In any case the figures show that the banks were a tremendous factor, because the amount of the banks' holdings of dominion and provincial loans between 1931 and 1936 jumped $700,000,000.

Mr. DUNNING: That is right.

Mr. STEVENS: Let us turn to the other side of the picture. In giving the next set of figures I want the house to remember that this is the vital, day-to-day business of Canada to which I am about to refer. In 1926 commercial loans by the banks amounted to $983,000,000. In 1931 they were $1,141,000,000. In 1936—and remember the jump on the other side, from $396,000,000 to $1,097,000,000—commercial loans had dropped to $707,000,000; and in 1938 the figure, as I have it here, was $731,000,000. I think that is of about October, and represents a fair average of the year. They were up a little at the end of December and January.

Mr. DUNNING: Rising.

Mr. STEVENS: But for my purposes these figures may stand. They are accurate, although they may not be right up to the minute.

What does this mean? It means that to-day or in the latter part of 1938 loans by our banks to commercial institutions were $250,000,000 less than in 1926, or about thirteen years ago.

Let me make it abundantly clear that I am not now reflecting on the banks. I believe that as sound, careful, well administered institutions they are as good as any banking system in the world. Not for one moment should we disregard that fact. But what I ask myself is, have we as a country followed a financial policy or practice which is permitting the banking and other financial institutions of this country to function so as to maintain a maximum of service to the commercial interests of Canada? I confess

that three years ago, the first time I got these figures out, I was quite startled. I have studied them ever since.

Mr. DUNNING: They were much worse then.

Mr. STEVENS: No, they were not.

Mr. DUNNING: Between 1931 and 1936 there was a very considerable drop, and then a rise again.

Mr. STEVENS: Yes; well, the rise is not very marked.

Mr. DUNNING: It is not big.

Mr. STEVENS: I ask my hon. friends—keeping in mind the object I have, to see whether the financial credit structure is functioning to-day so as to give a maximum of service to commerce—whether these figures are not startling. Let me make it abundantly clear that I am not criticizing the banks, because I believe that we as a country, whether we did it consciously or not, have pressed on the banks our government securities, and I am firmly convinced that to-day the banks are holding too large a quantity of dominion and provincial government securities—

Mr. BLACKMORE: Hear, hear.

Mr. STEVENS: —for somewhere around October or November last, the figure, I believe, was $1,087,000,000. It is not very much different to-day. Some say that this means a liquid condition of the banks. It does not mean anything of the kind, because we know, if the banks undertook to sell, that is to liquidate, any substantial proportion of the bonds they hold, they would break the bond market.

Mr. DUNNING: The liquidity does not, of course, arise from that fact.

Mr. STEVENS: Very good. The Minister may argue that the banks may come to the Bank of Canada, deposit bonds and secure currency for them. As a matter of fact, I have other figures, not under my hand, but I can give them from memory. They show this startling situation. I have been told that there was no shortage of funds for commercial loans. That is the assurance we were given. It is further stated that there is no need for the issue in Canada of a larger amount of currency in the hands of the public. That statement is commonly made. All right. I view these facts which I have just given. Then I view this fact, that the circulation of currency in the hands of the public in Great Britain amounts to about $41 per capita; in the United States, to about $42 per capita; in Australia, to about $40 per capita—in all instances the amounts are translated into dollars—but in Canada over the same period it amounts to less than $22 per capita. I ask myself this question. Here are three countries, similar to ours in their economic structure and their financial system; yet each of them has in the hands of the public about twice as much as the per capita amount in Canada.

Mr. ILSLEY: But do not Canadians use commercial bank notes as part of their currency?

Mr. STEVENS: Does my hon. friend mean cheques?

Mr. ILSLEY: No, I mean notes of the commercial banks.

Mr. STEVENS: That is included.

Mr. ILSLEY: Is it?

Mr. STEVENS: Oh, yes. Those are figures I worked out, through the bureau of statistics, of the currency of all kinds in the hands of the public.

Mr. DUNNING: All forms of authorized currency.

Mr. STEVENS: In the compilation which I have in my room—it is quite an elaborate sheet—we relate exactly the same conditions and the same type and form of circulation in the four countries I have mentioned. I am not prepared to say that it is right or wrong, but I do say that the factor I have mentioned, of the paucity of bank credits to commerce and the heavy holding of government bonds, provincial and dominion, by the banks, plus the other factor of the low per capita circulation of currency in the hands of the public, challenge the study and attention of the best minds in this country, because my own feeling is that there is something definitely wrong.

Let me go one step farther. I go over the affairs of Canada and ask myself: What is wrong? This is perhaps platitudinous, but I must repeat it: We have a great country, one with marvellous resources. We have man power; we have brains; we have machinery, and we have a financial structure second to none. We have everything which ought to make a great and prosperous country, but it is not functioning. There is something wrong.

I believe my hon. friends to the left have a certain foundation for their theories which is perhaps worthy of thought and consideration. I tell them frankly, as I have told Major Douglas, Mr. Aberhart and other leaders in the movement, that I cannot understand the application and the working out of their theories. I do not make that observation offensively. But there is this to say, that

obviously the burden of debt, the high rates of interest and the paucity of purchasing power in the public, are factors which are vitally affecting Canada to-day, factors which my hon. friends constantly emphasize and which form the basis upon which they erect their theories of credit.

I am not prepared in any dogmatic way to say what ought to be done, but I do say now to the minister. to the government and to parliament—

Mr. LANDERYOU: Would the hon. member permit a question?

Mr. STEVENS: I should like to finish this statement. I do say to the minister and to the house that at this time, when we are facing the borrowing of this $750,000,000, we ought to give careful study to the factors to which I have referred. Now, the hon. member had a question, although I have not yet completed my observations.

Mr. LANDERYOU: Has the hon. member any concrete proposals to offer as a substitute for the principles we have stated definitely in the house?

Mr. STEVENS: I will say this to the hon. member—and in saying it I do not wish to appear rude either to him or to the minister —that I have some ideas. I doubt very much, however, whether it is worth while giving expression to them here.

Mr. LANDERYOU: I think it is.

Mr. STEVENS: What I am about to say may sound a little vainglorious, but may I put it in this way: If to-morrow I were in the position of the Minister of Finance (Mr. Dunning), I know certain steps I would take which I believe would be helpful.

An hon. MEMBER: Let us have them.

Mr. STEVENS: I am not prepared to give them at the present time.

Mr. DOUGLAS (Weyburn): I was interested in the hon. member's statement with reference to the different amounts of money in circulation in the different countries. Is the velocity of turn-over relatively the same in those countries, or is it higher in Canada?

Mr. DUNNING: That is a tough one.

Mr. STEVENS: Yes, it is a tough one. The question of velocity is perhaps one of the most intricate of all questions in connection with credit and monetary matters. May I point out that the velocity in Canada has varied in the last ten years from seventeen to twenty-six times. I think at present it stands at about twenty-two, or in that neighbourhood. But, so far as I am able to ascertain, the velocity is not very much different in any of the four countries to which I have referred, although I would be inclined to say that in all probability the velocity in Great Britain would be greater than elsewhere. In the eastern states it would be greater than in the western states. But if we take the United States as a whole, the velocity there would not be much, if any, greater than in Canada. But if it were greater it would only emphasize the differentiation to which I have referred.

I wish to turn more directly to the resolution which calls for the raising of the very large sum of $750,000,000. I find that the funded debt of Canada is, in round figures, $3,252,000,000. The maturing bonds in the next year or year and a half, so far as I can learn from the public accounts, stand at about $425,000,000. Then there are treasury bills amounting to $150,000,000. These two items call for about $575,000,000, which leaves $175,000,000 out of the $750,000,000.

When we come to the committee stage I should like the minister to be prepared to answer this question: What is this additional sum to be used for? We find reference in the resolution to "public works and general purposes." Perhaps I am now getting out of the realm of wholly impartial economic discussion and approaching that of political—

An hon. MEMBER: Politics.

Mr. STEVENS: Yes, politics, if the hon. member likes that word. I am wondering whether or not in the closing session of this parliament we are going to be treated to very rich supplementary estimates, and whether in this authority to borrow $750,000,000 we are providing the minister with a mighty handsome election fund.

Mr. LAPOINTE (Quebec East): Is it a hope or a fear?

Mr. DUNNING: The hon. member for Kootenay East does not mean that.

Mr. STEVENS: Well, I am just a little concerned.

Mr. DUNNING: Not in relation to this matter.

Mr. STEVENS: I have noticed the words "general purposes" and have studied them with care. I have a high appreciation of the wonderful virtues of the Minister of Finance, and of his transparent honesty. But when I see the expression "general purposes" mixed in with a sum of around $175,000,000—

Mr. DUNNING: But this is not the authority, and the hon. member knows that. The authority must be specific.

Mr. STEVENS: Oh, no, not so specific. Of course, we shall see when the bill comes. I have the act, and I shall read it. I do not wish the minister to misunderstand me, because what I am saying is not said by way of carping criticism. I believe we must look at these things seriously. The resolution refers to "public works and general purposes," and also "The Consolidated Revenue and Audit Act, 1931," which I have in my hand. Section 13 of that act, the authority under which the minister is asking power to borrow, and the authority which will govern, reads:

(1) The governor in council may, from time to time, as the interests of the public service require, change the form of any part of the then existing funded debt of Canada, including any securities for which Canada is liable, by substituting one class of the securities aforesaid for another, if neither the capital of the debt, nor the annual charge for interest is thereby increased.

That is, the minister may refund or manipulate so as to get a lower rate of interest—a perfectly proper procedure. Then, the section states:

Provided that in any case where securities bearing a lower rate of interest are substituted for securities bearing a higher rate of interest, the amount of the capital may be increased by an amount not exceeding the difference between the then present value of the security bearing the higher rate of interest and that of the security substituted for it.

That, of course, is perfectly clear and one of the provisions which no doubt the minister has in mind. Then follows the subsection stating that no substitution shall be made, and so on. Then we find this, under section 14:

(1) The governor in council may, from time to time, as the exigencies of the public service require, in the event of the consolidated revenue fund being at any time insufficient to meet the charges placed thereon by law, direct the proper officer to raise, by temporary loans chargeable on the said fund, or by the issue and sale or pledge of securities, in such manner and form, in such amounts, for such periods, and at such rates of interest, as the governor in council directs, such sums as are necessary to enable the said fund to met such charges.

That is a wide open power. Of course, the matter has to be reported to parliament; I do not question that fact. What I say is that in this resolution we are giving the minister very wide power. The reason why I emphasize this now is that he may favour the house, or the committee when we reach that stage, with as full a declaration as possible of the distribution of these funds when they are borrowed.

With no intention of delaying the house, I feel that we should pause before this resolution is passed and give consideration to the broad question of the policy of this country in connection with its finances, and I see no better place to do it than here. When we come to the budget discussion there will be all kinds of, shall I say, political prejudice, which will influence the debate. But there is no reason why we should not under this resolution consider carefully the policy of Canada and the general principles upon which we shall authorize the government to carry on this very large financing measure.

Hon. CHARLES A. DUNNING (Minister of Finance): It was my intention to be prepared, and I am prepared with respect to almost all, if not all, of the matters mentioned by the hon. member for Kootenay East (Mr. Stevens), to give information to the house in the committee stage. I think it would be more convenient for hon. members as well as for myself if we could take questions and answers in that institution of the house which is adapted for that purpose, rather than have a general exposition by myself just now, interrupted as I know it would be by requests for information; it would be easier, I believe, for everyone concerned to deal with that in committee. I have only this general observation to make. I know the hon. member for Kootenay East did not wish to convey the impression that this resolution precedes legislation of a new kind, or represents any departure in method of using the machinery we have for taking care of financing the needs of the country in so far as those needs require to be met by borrowing.

Mr. STEVENS: I said so.

Mr. DUNNING: My friend said so quite plainly, but one or two of the questions might have raised implications of a different kind. The Consolidated Revenue and Audit Act is our general controlling financial statute. It is the statute which places upon the government and the Minister of Finance precise limitations as to the exercise of the financial functions of government. Then parliament itself from session to session decides by individual vote in the estimates precisely what sums of money shall be spent. So what we are here deciding is not that $750,000,000 shall be spent; we are here deciding upon the method of raising $750,000,000. In other words, this is not a voting of expenditure, but the provision of means whereby the expenditures authorized by parliament at various times may be met whenever the necessity arises to borrow. I wanted to clear the air to that extent.

With respect to all the matters of detail mentioned by my hon. friend, I would appreciate it if hon. members interested in them would permit me to answer them in committee. I have all the information before me. It would help materially. There is no intention on my part to avoid discussion—quite the reverse—with respect to what ought to be from time to time the financial policy of the country. Indeed I make, with some trepidation, a suggestion, speaking now with respect to financial methods and what we should do from time to time in that regard. The hon. member for Kootenay East mentioned various matters which he said we as a parliament should examine carefully and endeavour to decide as matters of policy. Nearly all the matters to which my hon. friend made reference are of necessity under continuous study and examination, not only by the officers of the Department of Finance, but particularly by the officers of the Bank of Canada. The suggestion I thought of making is that it might be a good idea to give the officers of the Bank of Canada opportunity to appear, say before the banking and commerce committee, not for the purpose of the kind of discussion which might create impressions detrimental to our credit abroad, but for the purpose mentioned by the hon. member for Kootenay East. In that way his suggestion with respect to the desirability of wider public information as to financial methods—I prefer to use the term "methods" rather than "policy," although it is difficult to decide where method ends and policy begins—might be met without detriment to the best interests of Canada. I make that suggestion without having consulted the governor of the bank; it may be that he would not care to do it, but after all he, like myself, is a servant of the public and I am sure would take the same attitude. While the governor or his officers would have to be allowed discretion with respect to giving certain kinds of information the giving of which might be prejudicial to the interests of the country, I am convinced that if that could be done the understanding by hon. members of this house of financial operations connected with the government of Canada, as well as the much broader aspect of general economics of the country in relation to government finance, might be much improved. I say that with no reflection upon anyone, but just throw out the suggestion.

Meantime, with regard to this authority, I would say before we get into committee that our funded debt maturities, irrespective of any new money which may be required to meet expenditures authorized by parliament, and including issues which are callable prior to 1940, which of course we must take into account in order to be able to substitute securities bearing a lower interest rate if there is opportunity to do so, down to December 31, 1940, amount to $649,000,000. In addition we have $155,000,000 of treasury bills outstanding at the present time, so it will be seen that this $750,000,000 will not provide an election fund—my hon. friend was not serious about that, I know—because, in fact, the total maturing and callable securities prior to December 31 of next year amount to $804,000,000.

[Mr. Dunning.]

Mr. HARRIS: Would the election fund make up the difference?

Mr. DUNNING: I am afraid the election fund which would be arrived at by that method would be a debit instead of a credit. I shall be glad to give detailed information regarding any bond issue or any aspect of the matter when we reach the committee stage. I do not suppose I can get the bill introduced tonight, but there will be two other opportunities for discussion, on second reading and in committee of the whole, which is virtually the same as being in committee of the whole on the resolution.

Mr. J. C. LANDERYOU (Calgary East): I had intended asking the minister a question which is important to me because I intend to speak on this matter before we get into committee. Would the minister, in the short time left before six o'clock, break down the $750,000,000 and give me a rough estimate of the amount of money that will be used internally and the amount to be raised externally to meet these obligations? I will put it in this way: What portion of this amount can be met internally, with Canadian funds?

Mr. DUNNING: That is just why we have the committee stage, Mr. Speaker; there is a great deal of information of that kind that I may give, and one question will lead to another. I never evade a question, as my hon. friend well knows—

Mr. LANDERYOU: I am not suggesting that; but I intended to speak on the resolution.

Mr. DUNNING: The hon. member may ask his question immediately the chairman takes the chair.

Mr. LANDERYOU: I really intended to speak on this resolution before we went into committee, but since it is five minutes to six I would ask that it be called six o'clock.

Mr. DUNNING: Surely we can get into committee of the whole.

Mr. SPEAKER: It is not six o'clock yet. The hon. gentleman may speak.

Mr. LANDERYOU: Perhaps I am wrong, but I had the understanding that it was impossible to enter into a general discussion of the principle in committee of the whole.

Mr. DUNNING: No; that is just what we are there for. My hon. friend is quite wrong. There will be no possible limitation of his right to speak merely because we are in committee on the resolution. The reason for getting into committee is to permit the question and answer method. That is all.

Mr. CAHAN: In committee he may speak as frequently as he wishes.

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

Mr. DUNNING: Now, if my hon. friend will ask his question again, I shall be glad to answer it.

Mr. LANDERYOU: I wanted to have a break-down of this $750,000,000 in order to ascertain what portion of it can be met in Canadian currency.

Mr. DUNNING: My hon. friend will forgive me if I say his question is not really intelligible. If he means what portion of the maturing indebtedness of Canada which this authority is sought to meet, at least in part, is due in terms of Canadian funds, what portion is due and payable in terms of United States funds, and what portion in terms of British funds, I have that information.

Mr. LANDERYOU: The resolution reads:

—seven hundred and fifty million dollars for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

I want to know what portion of this can be met in Canadian funds. For instance, if the obligations can be met in United States and Canadian funds, I want to know what portion of this $750,000,000 can be met in Canadian funds.

Mr. DUNNING: I cannot say what portion can be met in Canadian funds; that will depend upon the financial condition of the treasury from time to time during the period we are operating under this authority. But I can tell my hon. friend what amounts are due in United States, Canadian and British currency, during the period between now and December 31, 1940. In London we have no issues within that period which fall due for payment; but we have two issues in connection with which we have the right to call the outstanding bonds, by the terms thereof. If we decided to call we would have $137,000,000 plus $93,000,000, in round figures, to meet in London in terms of British funds. During the period in question we have no maturities in United States funds and none callable in terms of United States funds. So, with the exception of $137,000,000 plus $93,000,000, the balance of $649,000,000 is due in Canadian funds, roughly about $400,000,000 in Canada, and over $200,000,000 in London if we exercise the call privilege with respect to those securities. In addition, of course, there is $155,000,000 of treasury bills, which are wholly within Canada. These are three months bills, in connection with which I follow the practice of calling for tenders each three months and thus renewing, if you like to use that term, the obligation in terms of Canadian funds.

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at six o'clock.

Monday, February 13, 1939

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS

Bill No. 20, respecting Central Finance Corporation and to change its name to Household Finance Corporation of Canada.—Mr. Macdonald (Brantford City).

Bill No. 21, respecting Industrial Loan and Finance Corporation.—Mr. Vien.

DEATH OF POPE PIUS XI

LETTER FROM THE APOSTOLIC DELEGATE

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, February 11th, 1939.

Hon. Pierre Casgrain,
Speaker of the House of Commons,
Ottawa.

Mr. Speaker,

The official commemoration of the August Pontiff Pius XI, made in your honourable House of Commons on Friday the 10th instant, was an eloquent tribute to the memory of the great Head of the Catholic church and generous and indefatigable Protector of suffering humanity.

I wish to offer my deep and heartfelt thanks for this expression of sympathy on the part of the House over which you so worthily preside. I am sure that it will be appreciated at its true value by the noble Canadian people.

Deeply appreciative of the call you were so kind as to make at this legation, I beg you to receive, Mr. Speaker, the expression of my best sentiments.

(Signed) Hildebrando Antoniutti,
Apostolic Delegate.

BREN MACHINE GUN CONTRACT

The house resumed from Friday, February 10, consideration of the motion of Mr. MacNeil:

That the agreement between the government and the John Inglis Company, of Toronto, for the manufacture of Bren machine guns, the report of the royal commission dealing with said agreement, and all related documents, evidence, vouchers and exhibits, be referred to the standing committee on public accounts; and the amendment thereto of Mr. Stevens.

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): Mr. Speaker, to say a few more words about the Bren gun contract required inspiration, so I went home and spent yesterday in that loveliest spot in all Canada, at Rivière du Loup. I met there scores of good Liberals, and they asked me to convey a message of kind remembrance and best wishes to our revered chief, the Prime Minister (Mr. Mackenzie King), and also to our beloved Quebec leader (Mr. Lapointe), who is celebrating to-day the thirty-fifth anniversary of his entrance into parliament.

There is nothing so interesting, Mr. Speaker, as to talk with good old Canadians who are full of wisdom, well informed on Canadian problems, and who follow politics very closely. A few of them asked me this question: How is it that Judge Davis during the first thirty sittings of the Bren gun probe was so suspicious of the Plaxton family and so hard on General LaFleche, and then afterwards seemed to change his mind, and declared that there had been nothing corrupt in the Bren gun matter, and that he could blame no official of the Department of National Defence for corruption? I find the answer in the official report of the thirty-second day, November 8. I quote from page 4039:

The Commissioner: ..... My feelings are really not in connection with the details at all. The picture is so changed. However—that is a matter for argument.

What I am very much surprised at is that learned counsel who appeared for the different parties at the probe did not call earlier for the evidence of one man who was responsible for the drafting not only of the Canadian contract but also of the British contract. At page 3948 the commissioner said:

I do not know yet, from the evidence, who was the solicitor really acting for the government, the Department of National Defence.

That was left in the shade, probably because every counsel was afraid of the kind of evidence which was to be given by the one who is not a judge or an advocate or a general, but who is the judge advocate general.

[Mr. Speaker.]

At page 800 of *Hansard* of February 9 the hon. member for St. Lawrence-St. George (Mr. Cahan) said this:

Then there is another young officer, with whom I am not acquainted, Colonel Orde, judge-advocate general of the Department of National Defence, who was called upon without any expert assistance to draft a very important contract.

Then, speaking for himself:

I have drawn more contracts dealing with munitions than almost any number of other lawyers in Canada.

And then:

But I had the good fortune, having so insisted, to have at my elbow some of the best expert advice, and to that expert advice is due the fact that those tens of millions of dollars worth of contracts, although some of them appeared in the courts, were never seriously brought into issue in the courts. Therefore I know something of the position of Colonel Orde, who I judge by his evidence to be a young lawyer—

An hon. Member: Not so very young.

Mr. Cahan: I do not know how old he is, but I understand he is a young gentleman.

Mr. Power: Aged forty-five perhaps.

An hon. Member: Or fifty.

Mr. Cahan: Well, even that is young. I am grateful that they have these young men who are growing up and developing, for the performance of essential duties in that branch of Canada's service.

At pages 3950 and 3951 of the record of the evidence appears this statement by Colonel Orde:

Mr. Ralston: How long have you held the position of judge advocate general?

A. Since February 1, 1920.

What are the functions of this official?

Mr. Ralston: What are your duties as judge advocate general?

Listen, Mr. Speaker:

Colonel Orde: Generally, the superintendence of the administration of naval, military and air force law, and reviewing and recording proceedings of court martials, and advising and performing duties in relation to matters of a general civilian and legal nature in the department, as they arise. . . . I took that from the king's regulations.

By the Commissioner:

Q. It is quite an undertaking, is it not, for one man?

A. It is a fair sized job. However, I have assistants. I have help in the office.

What is that help? According to a chart which was tabled in the civil service committee last year, on July 1, 1938, his staff was one clerk, grade 4, and one stenographer, grade 3.

What is the staff of the office of judge advocate general in England? There is in the first place the judge advocate general, Sir Henry MacGeagh; a deputy judge advocate

general, C. L. Stirling; deputy judge advocates, first, O. C. Barnett; second, Hon. T. D. Freeman-Mitford, and an officer in charge, military deputy of the judge advocate general, Colonel H. S. Barrett. That is for the army. In the admiralty there is a judge advocate general for the fleet, who lives at Greenwich, J. G. Trapnell, K.C., and a deputy judge advocate, Paymaster Captain A. F. Cooper, O.B.E., R.N. Who is Colonel MacGeagh? I quote the following particulars:

MacGeagh, Colonel Sir Henry Foster, K.B.E., cr. 1930; C.B.E. 1919; K.C. 1924; T.D.; Judge Advocate General, H.M.'s Forces (Army and Royal Air Force), since 1934; b. 21 Oct. 1883; o.s. of Foster MacGeagh, late of Hadlow Castle, Kent; m. 1917, Rita, o.d. of late William Kiddle of Walbundrie, New South Wales. Educ.: St. Paul's, Magdalen College, Oxford; rowed in Magdalen College eight, head of the river; honours degree history, B.A. 1905. Barrister-at-law of the Middle Temple, 1906; South Eastern circuit; member of the Council of Legal Education; bencher of the Middle Temple, 1931; held commission in territorial army (London Rifle Brigade), 1909-23; regular commission in the rank of colonel, 1923-34, when retired from army on appointment as Judge Advocate General; served European war, France and Flanders, 1914-15 (Bt. Major, C.B.E., 1914 star and clasp); military assistant to the Judge Advocate General, 1916-23; D.A.A.G., 1917; assistant adjutant-general, war office, 1918-23; Deputy Judge Advocate General British Forces in China (Shanghai Defence Force), 1927; military deputy of the Judge Advocate General (war office and air ministry) and in charge of the military and air force department of his office, 1923-34. Address: 33 Dover Street, W.1; 2 Barden Court, Temple, E.C. Clubs: Carlton, Conservative, Leander.

Barrett, Colonel Hugh Scott, C.B.E., 1937; T.D.; military deputy of Judge Advocate General of the Forces, and officer in charge of military and air force department of his office since 1934; b. 3 March 1887; y.s. of late Sir William Scott Barrett and Julia Louisa Colville; m. 1916, Dorothy. d. of late Rev. A. E. Farrar; three s. one d. Educ.: Aldenham School; St. John's College, Cambridge (scholar). Called to bar, Inner Temple, 1911; Northern circuit; commission in 6th (Rifle) Battn. The King's Regiment (Liverpool), T.A. 1910-23; regular commission, 1923; served European war, France, 1915-18 (O.B.E., despatches twice); D.A.A.G. 1919; Deputy Judge Advocate General, Army of the Rhine, 1920-23, China 1927-28, Egypt 1935, Palestine 1936. Address: St. Nicholas, Kingswood, Surrey. T.: Burgh Heath 451. Club: United University.

Trapnell, John Graham, K.C. 1931; Barrister-at-law; Recorder of Plymouth since 1932; Judge Advocate of the fleet since 1933; b. 25 May 1875; s. of Caleb Trapnell, Stoke Bishop, Bristol; m. Ethel, d. of Thomas Chappel Gardiner; two s. Educ.: Harrogate college; King's college, Cambridge. Called to bar, 1903; joined the Western circuit; naval service, European war, lieutenant, R.N.V.R. Address: 1 Temple Gardens, E.C.4. T.: Central 8557; 25 Holland Park, W.11. T.: Park 6951. Clubs: Royal Air Force; Hampshire County, Winchester; Royal Yacht, Southampton; Royal Western Yacht, Plymouth.

In the Royal Air Force there are thirty-two officers of high rank who are in charge of contracts, and especially there are fifteen senior contract officers. In Canada we have the judge advocate general, one clerk grade 4 and one stenographer grade 3. I hope that the house will have no objection to my placing upon *Hansard* the few lines which contain the details of the officers of the directorate of contracts under the air ministry.

Mr. SPEAKER: To do so will require the unanimous consent of the house.

Some hon. MEMBERS: Carried.

Mr. POULIOT: The details follow:

The Royal Air Force

Directorate of Contracts under the Air Ministry
Director
Principal deputy director
2 deputy directors
1 principal assistant director
5 assistant directors
15 senior contract officers
1 principal accountant
4 senior accountants
1 principal technical costs officer
1 deputy technical costs officer

Turning to the record of the commission, at page 3951, I quote:

Mr. Ralston: When did any matter relating to the Bren gun first come to your attention, officially?

A. In March of 1936—I think it was March 19, 1936; it had to do with the licence matter.

Q. I am dealing with the licence matter.

The Commissioner: I am anxious to have it.

At page 3952 Colonel Orde said:

October . . . 1936 was the first time I had heard of Major Hahn having a connection with the Bren gun.

Q. Did you know Major Hahn before that?

A. No.

Q. You did not meet him personally until when?

A. November 19 or 20, 1937.

Q. Thirteen months after?

A. Yes.

At page 3953 Colonel Orde said:

On October 19, 1936 . . . The Master General of the Ordnance, General Caldwell, spoke to me in the matter of licence, generally, with which I had dealt about four or five months before—in the month of March, before . . . General Caldwell, if I remember rightly, spoke to me; and I am not sure whether I saw him alone, or who it was mentioned the matter.

He was not sure about it.

By the Commissioner:

Q. I suppose it was vague at that time?

And at page 3954:

Colonel Orde: Yes, it was pretty vague. So far as I was concerned, just an isolated incident in the course of my work . . . The instructions I got from somebody—and as I say, I am not

sure whether it was General LaFleche or General Caldwell, but it was one or other of them—

By Mr. Ralston:

Q. But were they both there, or only one?

A. I cannot remember whether I saw them together, or whether I saw General Caldwell alone. I think I saw them together in the deputy minister's office. But it is a very vague recollection.

By the Commissioner:

Q. Well, that is enough; you cannot remember every detail.

Colonel Orde: It is very vague. I remembered being instructed to write a letter to the Under Secretary of State, bringing up the question of Major Hahn's visit to England, his interest in the Bren gun, and also dealing with the patent situation which I had mentioned two or three weeks before, or a few weeks before, to General Caldwell,—or, rather, which he had mentioned to me. And I assumed at that time that the only reason I was acting as scrivener was that I had to do with the patent end of it, which was my particular function. I either made some notes of my own of the conversation, so I would have the matters here for the purpose of drafting the letter, or was given a draft of a note which had been prepared by somebody else. Again I do not quite remember that. But I certainly had, when I was dictating the letter, something in the nature of a note.

. . . . .

Mr. Ralston: All he says is that he does not know whether the note was made by himself, or handed to him.

Colonel Orde: Yes, that is correct,—

He said there was only one and now there are many.

By the Commissioner:

Q. Why would they not write the letter themselves? Why did you have to write it?

. . . . .

Colonel Orde: Because a portion of it had to do with the patent situation, which is very technical.

By the Commissioner: There was not anything in the letter of October 20, of that kind?

Colonel Orde: Yes.

It was so technical that the commissioner, who is an experienced judge of the supreme court, did not see it.

Mr. Ralston: Yes, about three-quarters of a page.

The whole letter will be found at page 20 of the report.

Colonel Orde: An analysis of sections 11 and 12, which are more or less of a jig-saw puzzle . . . I did not draft the letter that night. I drafted it, I find, in the morning of the 20th . . . It is obvious, from my secretary's notes, that in the course of dictation I would say something and then say to her, "Strike that out," and I would substitute something else. It is all full of interlineations . . . In the course of my dictation I would dictate a phrase, we will say, and I will say, "We will not put it that way; we will put it some other way." And the fact, also, that I had something in writing in front of me at the time I was dictating the letter is indicated by the appearance in her notes of the initials "J.E.H."

By the Commissioner: Whose initials are those?

Colonel Orde: She would not have been able to have written the name out in full in the copied letter unless she had something written down—Major Hahn's name in full.

At page 3958:

Mr. Ralston: I understand you to say you must have had some note somewhere where Major Hahn's name was written out in full.

Colonel Orde: Yes, so that she would know how to spell it.

Mr. Ralston: Have you the idea, Mr. Commissioner?

The Commissioner: I did not have a correct impression. I thought Major Hahn had left a memorandum.

Colonel Orde: No, not at all...when the revised draft was completed I took it to the master general of the ordnance, initialled it myself and took it up to him, and he initialled it, and it went down to the deputy minister's office in the ordinary course.

Hon. members must understand the position of the deputy minister and that of Colonel Orde. Colonel Orde is the only official lawyer in the Department of National Defence, and the house has heard what his duties are, according to his own evidence—tremendous duties. The deputy minister is not a lawyer and has therefore to go to Colonel Orde every time he requires legal information or advice, and when a thing is suggested by Colonel Orde or approved by him and goes to the deputy minister it is supposed to be legally correct. To continue:

Mr. Ralston: When next did you have anything further to do with the Bren gun matter?

Colonel Orde: I think about November 19, 1937.

Mr. Ralston: Did you have any interviews with Major Hahn in the meantime?

Colonel Orde: No, I had never seen him. I had no interview with any of the Messrs. Plaxton in the meantime.

At page 3961:

By the Commissioner: May I ask this: if the witness was not called upon up to, we will say, November 19 of 1937, to look over these draft proposals, who with legal knowledge in the department would, if he did not?

This confirms what I have just said.

By Mr. Ralston: You heard the question.

Colonel Orde: Yes. So far as I can see from the record, which I have only seen during the course of this inquiry in its complete shape, there was not any real call for any legal—

The Commissioner: I do not want your opinion as to whether or not there was need of a solicitor, or for anybody looking at it. That is a matter which I will have to look into, and will have to say something about. But I

am putting this question to you: If between December, 1936, and November, 1937, the numerous draft proposals which were being considered by the department were not submitted to you for legal consideration and advice, was there anybody else in the department to whom they would be submitted?

Colonel Orde: No; I think the first time I saw any of these proposals, or what appeared to be the draft of a formal instrument, was in October. I found that out from the files of October of 1937.

The Commissioner: You have told me that up to this time, at November 19, 1937, you really had no knowledge of the proposals except vague departmental rumours.

Colonel Orde: That is correct.

The Commissioner: I am not complaining about it; I am not criticizing you. I am just trying to find out whether any solicitor had anything to do with it for the department.

The commissioner himself was puzzled about what had happened and he had as witness the man who had drafted both the British and the Canadian contract. At page 3962:

Mr. Ralston: Did you get any information from anybody else other than the dpeuty minister of the master general of ordnance which went into the preparation of that letter of October 20?

Colonel Orde: No, not at all.

Mr. Ralston: Now, then, you did have a discussion about November 19, 1937, with regard to the Bren gun matter? With whom was it, and what took place?

Colonel Orde: The deputy minister asked me to come down to his office. Major Hahn was there and he introduced me to him. That was the first time I had met Major Hahn. He stated that they were discussing in a mere crystallized form, or in some crystallized form, the question of certain proposals which Major Hahn had made. Major Hahn came back to the office with me. His first suggestions were that there be one contract for the 12,000 guns, the government of Canada being the contracting party with the John Inglis Company, and that we would sell 5,000 of those to the War Office. I said, my instructions were that that would not be acceptable, and I proceeded to work out with Major Hahn in a very rough form the mechanics of the proposition, namely, that there would be a separate contract between ourselves and the John Inglis Company and another contract between the War Office and the John Inglis Company, and any interlocking arrangement which would have to be made as between the War Office and the department would be effected by mutual arrangement between the two.

By the Commissioner: I believe I did not hear you correctly. I have it this way: "His first suggestion"—that is Major Hahn's—"was that there would be one contract."

Colonel Orde: It was, yes. He may have had some draft which he had prepared with him, showing it.

At page 3970:

Colonel Orde: It was the first draft I had made in connection with Bren guns. I had made several other cost-plus contracts prior to that for other articles.

The evidence shows that later he could not tell about what articles; it was perhaps a couple of cost-plus contracts that he had made.

It was the first contract I made or drafted as between the Secretary of State for War and the John Inglis Company.

At page 3971:

I think I had no draft of the British contract before me.

At page 3974:

I said yesterday I had suggested that there would be two independent contracts which would necessitate arrangements between the war office and the Department of National Defence.

The Commissioner: Why did you take part in the drafting of the British contract with the John Inglis Company?

Colonel Orde: For the reason that if these were separate contracts there would be only one type of gun manufactured by the contractor, and the contractor would not know out of a particular batch of these guns whether some were intended for us or some intended for the war office.

That is absolutely foolish because it was one type of gun that was being manufactured by the company, part of the product being for delivery to the Canadian government, and the other part to the British government. The second reason is just as foolish as the first. Colonel Orde's answer continues:

And it was necessary that the provisions of the contract be as parallel as possible. Otherwise, if there were separate inspection systems set up you would have great chaos in the method of inspection, and the method of checking and accounting.

That is equally very foolish. Then at page 3975 there is a question to Colonel Orde by the commissioner:

Q. What was your intention as to this draft contract, the one drafted as though the British government were going to sign it? What was your idea? What was going to happen to that draft?

A. What do you mean—

Q. Were you going to send it to the war office?

A. We were under no circumstances going to send it to the war office. That was for Major Hahn, and I handed it to him, and what he did with it was no business of ours.

Here is the judge advocate general of the Department of National Defence drafting a contract for the personal use of Major Hahn. Here is another question by the commissioner on page 3977:

Q. Only you and Major Hahn working out the drafts together, on the 19th, 20th and 21st?

A. Yes. And then I sent them up to the Master General of the Ordnance, where they belonged.

And then an answer by Colonel Orde on page 3979:

On December 22 I made revisions of several of the provisions of the first draft.

Look at that, Mr. Speaker. There are many eminent counsel like yourself, in this house, and there are also many business men. I ask them to consider the actions of this man who holds the high position of judge advocate general in the Department of National Defence. Look at how he does his work. His answer continues:

They were just made on slips of paper, and they were either handed to Colonel Dewar or they were cut out and pinned to the earlier draft.

Lots of pins. Pins are dangerous for balloons. Then we find the following on page 3984:

The Commissioner: I am attaching some consequence to this thing. Was it the draft agreement, that is exhibit No. 33, plus these revisions Colonel Orde made that went to the interdepartmental committee?

Mr. Ralston: I hesitate to make any statement without having compared them; I would have to compare them to see. I am afraid I have assumed that was so.

The Commissioner: I have assumed that too, but it may not be correct. I do not think Colonel Orde probably knows. What has been interesting me for some time is what was the document that the Department of National Defence sent on to the interdepartmental committee, who stood behind it, who said, "Well, now, if it were not for the interdepartmental committee, why we would pass this, but as a matter of fact it has got to go in there and there it is." That is the point. I am assuming, unless someone should tell me to the contrary, that Colonel Orde's draft of December 22, being exhibit No. 33, plus the revisions of November 22, 1937, was the document that went on to the interdepartmental committee.

The Witness: I am practically certain that was what happened because soon after the committee met I was making some further amendments. I was working on a draft which embodied my draft of the 22nd November, plus the amendments of the 22nd December, plus some further suggestions.

And then another question by the commissioner to Colonel Orde, as reported on page 3985:

Q. I was wondering if Colonel Orde, before he was dealing with the drafts, whether he saw the memorandum of December 10, 1937, which is exhibit No. 31. He may not have had it before him, but just before we pass on I should like to clear up that. That has been in my mind. That is the memorandum, I think, by the Master General of the Ordnance. It is a memorandum by someone.

Mr. Ralston: It is a memorandum of the Master General of the Ordnance.

The Witness: I do not remember particularly seeing this particular memorandum. I saw during the course of my duties numerous memoranda, but I cannot identify them by reference to any particular dates.

By the Commissioner:

Q. Look at the last paragraph and read it and see if you recall that that was before you at the time?

A. I may have seen it later. I remember seeing it some time.

Q. You do not think it was there when you were making the draft?

A. Oh, no, I mean it looks familiar and I may have noticed it when glancing through the file.

Q. Was there any discussion around that time, in the month of December, 1937, or January of this year, with reference to the last paragraph?

A. I have—

Q. Do you remember whether there was any conversation with you as to whether that was wise or unwise, whether it might be well to have it stricken out before it went to the interdepartmental committee as an unwise suggestion?

A. I do not remember anything, I do not remember myself.

Q. You do not remember any discussion?

A. No.

Q. Have you the right paragraph, the one that deals with the chartered accountants?

A. Yes. It reads—

Colonel Orde then read the paragraph dealing with the employment of a reliable firm of chartered accountants. The questions by the commissioner continue:

Q. You do not recall that?

A. I have a vague recollection of hearing something discussed, but only informally. It never came to my attention.

By Mr. Ralston:

Q. I was asking you about interviews with Major Hahn during the period in which the interdepartmental committee were considering the Canadian contract. Did you have discussions with him?

A. Oh, I had numerous discussions with Major Hahn and the deputy minister, either in the deputy minister's office or consequent upon Major Hahn's seeing the deputy minister and being instructed to see me.

It is probable that at times Major Hahn went to the deputy minister's office, but as his visits related to the legal part of the contract the deputy minister always referred him to the judge advocate general, Colonel Orde. I ask hon. members to listen to this so that they will be in a position to see whether Colonel Orde is to be credited in connection with his interviews with Hahn. The evidence continues on page 3987:

By the Commissioner:

Q. Over what period?

A. Running from somewhere in January until I think towards the end of January.

And again on page 3988:

By Mr. Ralston:

Q. Just to clear that up. To go further with that. Does that mean you had no interviews with Major Hahn in February?

A. Oh, I had some. I learned subsequently Major Hahn had come to England somewhere towards the end of January and that is why the interviews stopped then, at least for the time being.

Q. Did you have some interviews with him again in March?

A. I had some with him in February, around the end of February, after his return from England, and in March.

He had intimated before that his interviews were from the beginning to the end of January. The evidence continues with a question by Mr. Ralston:

Q. That is what I wanted, the period over which you had those interviews.

The Commissioner: Did Colonel Orde keep any diary or contemporaneous memoranda from which he can refresh his memory in any way, or does he just base that on memory?

The Witness: I wrote during that period two or three memoranda which I think are already in as exhibits.

By the Commissioner:

Q. They were contemporaneous?

A. Contemporaneous.

Q. That refreshes your memory?

A. That refreshes my memory.

Then on page 3990 there is the following:

The Commissioner: That is, he had no interviews with any solicitor representing Major Hahn or the John Inglis Company in connection with the Canadian contract?

Mr. Ralston: In connection with the Canadian contract.

I must explain here that Mr. Lash, K.C., was appearing on behalf of the British government as well as on behalf of Major Hahn, When Mr. Orde met him, he did not meet him in his capacity as counsel and solicitor for the British government, but only as counsel and solicitor for Major Hahn. Then, again on page 3991, a question by Mr. Ralston:

Q. Did he ever tell you that Mr. Plaxton was engaged as a legal representative, until at the time I was going to deal with, that is March 17?

A. No knowledge of any connection with the Plaxtons at all.

That is to be noted. The evidence continues:

By the Commissioner:

Q. Did you have any indication, as far as the Canadian contract is concerned, by correspondence that Blake, Lash, Anglin & Cassels were acting?

Listen to how he answers this question:

A. It is rather hard to describe the situation. Major Hahn was continually up and down between Ottawa and Toronto and he was in and out of my office so many times. He would dash back with some suggested change and then he would come back two or three days afterwards. I do not know whether it is in order to mention it, but Mr. Lash's firm had been engaged in connection with certain other contracts of a similar type and I derived considerable comfort from knowing that Mr. Lash was at the other end of it.

Here is the judge advocate general of the Department of National Defence, who is entirely and absolutely incompetent, and who takes comfort from the fact that he is helped by counsel acting for the other parties. It is enough to disbar any lawyer whose name appears on the law list, and I do not see why this has not been brought out by other members who have spoken previously. It is something formidable. Here we have a man who, according to the evidence, can hardly sign his name, who cannot draft a contract, who has had no experience. You know the number of people who are engaged in that sort of work in the British war office, the British admiralty and the British air force. Here we have that man with a grade 4 clerk and a grade 3 stenographer, both of them incompetent, both making plenty of mistakes which were the cause of trouble. He cannot do anything; he has to rely on counsel for the other party to do his own work. I continue quoting:

By Mr. Ralston:

Q. Did you ever discuss the contract with the Department of Justice?

A. No.

Q. Did you ever see Mr. H. A. W. Plaxton as the representative of Major Hahn previous to the signing of the Canadian contract?

A. No.

Then it goes on:

By the Commissioner:

Q. Why did you leave in the clause:

The party of the first part will provide or grant to the party of the second part an exclusive licence to manufacture the Bren gun in Canada.

Who told you to do that?

A. Instructions that I had got previously.

My time is not up yet, Mr. Speaker, but it soon will be, and I wonder if the house would have any objection to letting me finish reading this part of the evidence, which may take about fifteen minutes. I do not intend to say anything that will hurt anyone, but I want to put on record part of the evidence which is now downstairs and which is very difficult for hon. members to obtain.

Some hon. MEMBERS: Hear, hear.

Mr. POULIOT: Then I continue:

Q. You were solicitor for the—

A. I was the solicitor.

Q. Had you no realization of what an exclusive licence in Canada to manufacture the Bren gun meant?

A. Precisely, Mr. Commissioner.

Q. Who told you to put it in?

A. It was put in earlier. If you will look at the draft that was considered at the interdepartmental committee, at the first meeting that the committee had had, I think in January, and the clause that was inserted in there at the request of this officer, whoever it was, who saw me on December 22, you will notice there that there was an exclusive clause in that.

Then I quote from page 3996:

A. . . . . Unless I was instructed to the contrary I was not going to remove anything on my own volition. I never liked it.

Here is a matter not of right or wrong but a matter of liking or not liking it. Then at page 4006:

By the Commissioner:
Q. Did you have to say up until three o'clock in the morning that time while the committee was meeting?

That was in the middle of March.

A. Yes, sir. I was there until three o'clock and I left my office at a quarter to eight the following morning. I was present in my office.
Q. And there were communications passing to and fro between the interdepartmental committee and yourself?
A. That is correct, sir. Sometimes they would send a note up, other times I would get a phone message to attend and I would go down and attend.
Q. And you were there until three o'clock in the morning?
A. I was.
Q. Great haste, was there not?
A. Very much so.
Q. Did you understand you had to stay up all night until three o'clock in the morning?
A. Well, I was instructed by my chief to attend and be on hand as the committee needed me.

There was the judge advocate general; there was the interdepartmental committee that was helping him with that contract, and the work of this gentleman and of the committee was so slow that after four months they had nothing ready in finished form. Therefore the deputy minister told the judge advocate general to stay that night in order to have it finished ready to present to council the next day. Apparently the British government was very anxious to have this contract completed.

Q. Whom do you mean by your chief?
A. The deputy minister of the Department of National Defence.

Then in discussing the work of the interdepartmental committee and also the work of the judge advocate general in drafting the contract, the commissioner said:

I am inquiring into the competency of those charged with the responsibility of drafting the contract.

Then, at page 4011, the commissioner continued:

Q. I am thinking of the hour. You worked through until 7.30 in the morning?
A. I did, sir.
Q. I sympathize with you very much. I sympathize with you very, very much. And you had no other legal help in this matter?
A. No.
Q. You just worked all night trying to put the document in the best shape you could?
A. There were two mistakes.

[Mr. Pouliot.]

Q. You tried to put the document in the best shape you could? You were directed to stay to do this? I think you said, "I was directed to do this or required to do this." By whom?
A. My instructions from the deputy minister were that this had to be ready for cabinet council at eleven o'clock the following morning.
Q. That is the system?

He had to work all night because he had done nothing useful in the previous four months. Then I quote from page 4021:

A. I attended a conference with Major Hahn and Mr. J. F. Lash, K.C., in the suite of offices of Blake, Lash, Anglin & Cassels.
By Mr. Ralston:
Q. Is that the first time you saw Mr. Lash in connection with this matter?
A. Yes.

That was March 28 or 29, in reference to the British contract. Then at page 4045 there is a letter from Colonel Orde to Major Hahn, an official letter which is extended in the evidence; and do you know how the judge advocate general, counsel for the Department of National Defence, addressed Major Hahn? Was it "Dear Major"? Was it "My dear sir"? No; it was "My dear Jim." He had known Major Hahn for only four months, but apparently they became very intimate.

Then at page 4048 there is a reference to the proposed British agreement which was made subsequent to the final draft of the Canadian agreement. Incorporated in the draft of the proposed British agreement were the changes which were consequential upon the interdepartmental committee meeting. Then Colonel Orde continued:

. . . I took one copy of this draft, of the proposed agreement which I called my working copy, which had in it the various changes discussed at the meeting—

Mr. SPEAKER: I am sorry but the hon. gentleman has exhausted his time.

Some hon. MEMBERS: Go on.

Some hon. MEMBERS: No.

Mr. POULIOT: Shall I go on or not?

Mr. SPEAKER: I cannot allow the hon. member to proceed except with the unanimous consent of the house.

Some hon. MEMBERS: Go on.

Mr. POULIOT: Thank you.

Some hon. MEMBERS: No.

Mr. SPEAKER: Do I understand that the hon. gentleman has the unanimous consent of the house?

Some hon. MEMBERS: No.

Mr. SPEAKER: Then the hon. member must resume his seat.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like to join with the hon. gentleman who has just resumed his seat (Mr. Pouliot) in congratulating the Minister of Justice (Mr. Lapointe) on celebrating his thirty-fifth wedding anniversary and his entrance into parliament. Sometimes, as I realize that the years are slipping by—because I am only a couple of years behind my right hon. friend—I wonder if we should extend congratulations or commiserations on our birthdays and various other anniversaries. However, so far as congratulations are of any use, I offer mine to the right hon. gentleman and hope he may enjoy many more years of great happiness.

I rise a second time in the debate, Mr. Speaker, because I feel that the issue should once more be clarified. It has been to my mind so confused that the air needs clearing. I suppose, sir, it is fair to say that it has been confused intentionally. There has been an injection of extraneous matters of all kinds, attacks personal and political upon many of us on this side of the house, no doubt with the object of confusing the issue, hiding the facts, disguising the irregularities, concealing the incompetence, and distracting attention from the method of awarding the contract.

I have listened to nearly all the speeches made on all sides, and in all sections of the house on this question. While on this side of the house—and I include all parties on this side—different speakers criticized the contract and the manner in which or method by which the contract was awarded, to my mind they criticized fairly the whole proceeding. But from the other side, from the Liberal benches, there came practically no answer of any kind, except abuse. All of them were like that, except in the case of two speeches. One of those was entirely abuse, and so it is not therefore an exception. One of the two to which I last referred was a studied legal argument. The one which was worst, I am sorry to say was delivered by the Minister of National Defence (Mr. Mackenzie) himself. In my opinion, undoubtedly the best speech was made by the hon. member for Vancouver-Burrard (Mr. McGeer), who spoke on Thursday night. In fact, I think the hon. member for Vancouver-Burrard was the only speaker on that side of the house who at all adhered to the charges, if we may term them such—or to the statements made by myself and others on this side of the house. He was the only one who got away from personal and political abuse, and the only one who really attempted in a legal manner to build up a case on behalf of the government.

So far as the minister's speech was concerned, he never touched the issues at all. His speech was made up of abuse, of name calling, of protestations of honesty and of unparliamentary remarks. I have been in the house now for twenty or twenty-one sessions, I believe it is, and I say without hesitation that never in all those sessions have I heard anything approaching, in unparliamentary language, the minister's speech.

But he was not alone in that. Here are some of the terms which flew across the house at us, from various speakers—some from the minister and some from others. These are the terms which I jotted down: "Cheap Tammany Hall politicians." "Sinister alliance" between ourselves and members to my left. Incidentally in that regard I recall that between 1921 and 1925 the right hon. gentleman who now leads and then led the government (Mr. Mackenzie King), was very glad to have alliances with the same group, the third party. It was not termed a sinister alliance at that time; what can be wrong in my hon. friends to my left and ourselves taking the same attitude on a question such as this?

Other terms used were in regard to the hon. member for Waterloo South (Mr. Homuth)—"a bird of passage," "Prussian mentality," "never loyal to any principle." The same hon. member who used the "bird of passage" phrase, namely the Minister of Transport (Mr. Howe) called us blackguards. Another speaker,—I think it was the hon. member for Parry Sound (Mr. Slaght) spoke of a political cabal.

Those terms have been used as a defence for this indefensible contract. Fortunately—and I say it is fortunate—some of the terms used by the Minister of National Defence have been expunged from *Hansard*—against the rules of the house, incidentally. They have been expunged I think for the good of *Hansard*. It is better perhaps that in years to come readers of *Hansard* should not think that such terms would have been permitted in the parliament of Canada. So that the expurgated edition of *Hansard* is probably all to the good so far as that is concerned.

But, sir, I do say this: it is no wonder that the Vancouver *Sun*, ordinarily an outstanding Liberal organ, spoke of the brawling in parliament, and of the vulgar personalities cast across the floor of the house by an hon. gentleman who comes from the city in which

that paper is published. They added that there is still a strong suspicion of gross political patronage in the awarding of the contract, and they say that the contract was improperly awarded, and that abuse of this kind does not hide the facts.

I want to say with all due respect that I think it is time we had decorum in the House of Commons. In the past week, I think there have been more justifiable appeals against unparliamentary language, and fewer appeals upheld, than I have ever known in the whole of my parliamentary life. If we are to build up the reputation of parliament and help the progress of public business, I suggest that more severity be used in the future, particularly in connection with name calling and unparliamentary language.

The hon. member for Vancouver-Burrard I believe made the only real attempt to defend the contract and the proceedings leading up to it. He emphasized the few favourable points, and there were very few. Naturally he ignored the unfavourable evidence, and used his celtic wit to cover up the weaknesses of his case. He quoted in favour of the case only one section of the report, that section which has been so often quoted—the one paragraph pointing out that there was no corruption.

In the Parliamentary Guide I note that the hon. member for Vancouver-Burrard describes himself as by trade an iron moulder and by profession a lawyer, which to me explains a rather interesting point. When I was out in Vancouver a few months ago, being interested in this picturesque gentleman—

An hon. MEMBER: You are interested in pictures, too.

Mr. MANION: So is Judge Davis; he is interested in pictures. My hon. friends opposite are not interested in pictures. All they are interested in is the one part of the report exempting them from corruption. They showed a very distinct disinclination to discuss the rest of the report, which is made up of pictures.

But, as I have said, the Parliamentary Guide has described the hon. member as by trade an iron moulder and by profession a lawyer. When in Vancouver I asked about him and his ability as a lawyer, and somebody said that the lawyers claim he is a very good iron moulder, and the iron moulders claim he is a very good lawyer.

An hon. MEMBER: That is smart.

Mr. MANION: However, I agree with the iron moulders. I agree with them that he is a very good lawyer, if I may judge from the case he put forward the other day.

[Mr. Manion.]

Mr. REID: He was a good iron moulder, too, for I worked for him.

Mr. MANION: I just wanted to say I had so much confidence in him as a lawyer, after listening to him defend this case, that if I am ever accused of murder—and particularly if I am guilty—I will hire him to defend me.

There is one other speech I wish to mention, and that is the speech of the Minister of Transport, who, I regret, is not in the house. He was the one who used the word "blackguarding," and called the hon. member for Waterloo South "a bird of passage." The Minister of Transport has been in the House of Commons and in the public life of Canada only about three and a half years. Prior to that time he was in business, looking after his own affairs as an engineer, and, if rumour is correct, building up quite a comfortable fortune. Over a period of twelve years the hon. member for Waterloo South has been serving in the parliamentary halls of this country—nearly four times as long as the Minister of Transport has served. I think therefore that some of the minister's speech was more particularly out of place, because of that fact. I suggest that in all probability the hon. member for Waterloo South, who has served twelve years, will still be serving in the parliamentary halls of this country when the Minister of Transport is not.

An hon. MEMBER: In what party?

Mr. MANION: At the present time he is supporting ours, and I have no doubt that he will continue to support ours. The fact that a man changes his party is no disgrace. Wasn't it Lincoln who said that anybody who has not a little more brains to-day than he had yesterday has no brains at all? And I believe it was Morley who once said, "Anybody who wants my discarded opinions can have them," and I say the same.

In the case before the house the Liberals have ignored the issues altogether. They have ignored the report with the exception of three paragraphs which deal with members of parliament and senators not profiting by the contract, and with the "no corruption" paragraph.

They based their replies largely on personal and political abuse, on affection for the minister, and on the *tu quoque* argument, that from 1914 to 1918 there was graft and profiteering in war contracts. I know nothing about that. I do not deny it, but I do say this: if that was true in war time, it is all the more important in peace time that we should avoid all grafting and suspicion of grafting.

My book was also quoted freely by hon. gentlemen opposite, and I have no objection to that. In the book I pointed out some of the duties of an opposition, but there are men much more prominent in public life than I who have discussed that question. I well remember that Stanley, the so-called Rupert of debate, said that the duty of an opposition is to oppose, and that dictum has been often quoted. But in quoting my book hon. gentlemen opposite omitted to mention entirely a paragraph which shows that when I wrote that book, at a time when I was not even dreaming of being leader of this party, I had the same opinions that I have now with regard to profiteering in munitions. This is the paragraph, to which I refer:

> If ever again men are compelled to risk their lives at a dollar a day, others who do war work at home should be put absolutely upon the same basis, and no one permitted to profit in any manner whatsoever by war.

Mr. POWER: What page, please?

Mr. MANION: Frankly, I do not know. I have not read the book, I was so sick and tired of reading the proofs.

Mr. POWER: Pity us, then.

Mr. MANION: Well, you do not have to read it. In fact, I warn my hon. friends over there that if they go on quoting from my book I am going to take revenge by turning some of my party on the Prime Minister's book. I tried to read it myself, and as I once told the right hon. gentleman, I got only half way through. That is as far as I ever got.

Mr. MACKENZIE (Vancouver): Which one of the three books?

Mr. MANION: I am speaking of *Industry and Humanity*. I have not read the others.

I did not intend to speak long, but if my hon. friends opposite insist on helping me out I am afraid I shall have to take more time.

I was saying, Mr. Speaker, that the opinion I expressed in the paragraph I have just quoted from my book was just as sincere then as the opinion I hold now, and my opinion now is just as sincere as it was then. I believe the one thought that is in the minds of the people of this country to-day, and particularly of the young men who may have to risk their lives if ever we are so unhappy as to have to take part in a war again, is that no one should make money out of war. That I believe is the desire of all of us, and I shall quote the Prime Minister before I sit down as taking exactly the same attitude, although I cannot understand why after taking that attitude, he permits such a contract as this to be made.

There was only one member opposite from the province of Quebec who raised the race cry in this debate. He claimed that we were making an attack on General LaFleche because of his race. But the hon. member who is just now taking his seat, the hon. member for Humboldt (Mr. Fleming), who belongs to the same profession as I do, not only repeated the race cry but as well went on to attack me for using patronage to get a job, as he put it. As a matter of fact, Mr. Speaker, I was giving up what was for a young man a very lucrative medical practice to get a job in the army. That was the patronage I was looking for; that was the job-hunting I was doing.

We were also told that we were trying to destroy the minister and the deputy minister. I say that they have both been friends of mine in days gone by, and I think they are yet. As a matter of fact, we appointed the deputy; I do not know whether that fact has been pointed out. He had a very fine record, and I have a very high admiration for him, and my opinion is that the reason he acted so strangely in regard to Hahn is that he was being pushed forward by his minister.

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

Mr. MANION: The minister denies that, and I do not wish to misrepresent him. But irrespective of what the deputy minister did, it is the government of the day that is responsible—not only the minister. The deputy minister has been a friend of mine for many years and I have the utmost respect for him. Personally I made no attack on him whatever, and I do not think anybody on this side of the house, in any of the parties here, attacked him personally. We merely directed attention to the action taken by the department in an effort to give the contract to Hahn.

There have also been several wicked attacks on Colonel Drew, who is another fine soldier with a very fine record. Whatever Colonel Drew did he certainly performed a service for this country, inasmuch as he saved this country a lot of money—a quarter of a million dollars, as I have seen it claimed—by causing another letter to be drawn up as a supplement to the contract. In addition, I believe that his article will make any government in power in this country in the future more careful in the letting of contracts for munitions of any kind.

Then there was a defence by several hon. gentlemen opposite of Major Hahn and the hon. member for Trinity (Mr. Plaxton). So far as Major Hahn is concerned I did not attack him; I have not attacked him. I think he was just a shrewd business man who saw in the hon. member for Trinity an instrument at hand to help him get a government contract. He found the government even more pliable as an instrument than the hon. member for Trinity, so he went right ahead and got the contract. That is all we can say about Major Hahn. I do not know him; I have never met him. In that respect I am in the same position as the Prime Minister, except that I did not appoint him as representative of Canada to get secret information from the British government, as did the Prime Minister.

But all these defences or so-called defences that hon. gentlemen opposite have put up, even that of the hon. member for Temiscouata (Mr. Pouliot), who has just sat down after making an attack on another official of the Department of National Defence, are no defence at all of the awarding of this contract. They are no defence at all, to my mind; they are just an attempt to confuse the issue. Every speaker from the Liberal party, with the exception of the hon. member for Vancouver-Burrard, ignored practically fifty pages of the report and tied his whole case to three short paragraphs which disposed of the charge of corruption.

Now I am going to attempt to define the issue, which is not that of corruption or graft. The issue in a sentence is the whole method of buying munitions at a time when, because of threats of dictatorships against democracy, we in Canada, a peace-loving people, are forced at a cost of tens of millions of dollars to arm in our own defence in order to maintain our freedom as a nation. That is the issue so far as I see it. Are we going to place our very life as a nation in jeopardy through politics, patronage, and favouritism, as in the Bren gun contract? Or, are we going to rise above that low level and act as a united people in building up our defence of all kinds—doing it fairly, honestly, sanely, without profit, so far as is humanly possible—giving our citizens at the same time a chance to show that they love sufficiently this Canada of ours to bend their energies, without the profit motive, to a great national endeavour on behalf of the safety of our country? If the Bren gun contract is any criterion, then we are going to take the low road of private profit and personal selfishness. But I refuse to believe that such is the desire of the great masses of our people.

I insist, sir, that our business men and all others are only awaiting the clarion call of national service in order to answer it enthusiastically, honestly, and loyally. The government supporters say that in the last war patronage and war-profiteering were rampant. I do not know whether they were or not. I was not here. But if that charge is true, there was at least the excuse of a great crisis and a great danger because of Canada's participation in the war. Even if the charge be true, is it then necessary that we must again, in peace time, continue to wallow in the mire of filthy profiteering while the very lives of our youth and the very existence of our beloved Canada are at stake?

I say now, sir: let the Prime Minister rise to this challenge and I will stand beside him and back him completely in the noble work of not only declaring our high principles as Canadians, in this regard at least, but of living up to those principles.

How then does this contract, and the procedure leading up to it, conflict with the issue as I have defined it? To learn that we must study the whole report of Mr. Justice Davis, the royal commissioner who investigated the Bren contract. It is true he says that no member of parliament or senator is to share in the benefits of the contract, and he adds that there has been no corruption. He makes these statements in three short paragraphs on page 51. But on nearly all the other pages he shows the gross irregularities that led up to the consummation of the deal. For example, the report shows clearly, among other things:

1. That the methods leading up to the signing of the contract and the method of giving it were unfair;

2. That Hahn, whom apparently no one knew, except Mr. Plaxton, was shown great favouritism;

3. That thereby other industrialists, much better equipped, were given no opportunity to compete with Hahn.

4. That Major Hahn, although unknown to the Prime Minister or to the Minister of National Defence, was made by the Prime Minister the representative of Canada in order to give Hahn access to secret information from the British war office;

5. That Hahn and his fellow promoters were placed, through this contract, in a position to make more than $1,000,000 out of stock for which they paid nothing—this in addition to the profits of the contract itself.

Perhaps I should correct that. They paid an average of 52 cents a share and some of it sold for over six dollars a share, or over one million dollars of profits to them. This in addition to the profits of the contract itself.

These are a few of the aspects of the deal which seriously undermine the confidence of the Canadian people, not only in this deal but in the whole method under which tens of millions of dollars of this year's estimates are to be spent in purchasing munitions.

Mr. MACKENZIE KING: I hope my hon. friend will make it clear that these are deductions of his own, and not findings of the commissioner.

Mr. MANION: Well, I think they are the findings of the commissioner.

Mr. MACKENZIE KING: Where?

Mr. MANION: All right, we will deal with them as we go along. I know how quick the right hon. gentleman is to contradict statements. I have the proof here; I was not going to quote it, because the matter is so clear there is no dispute about it. It is on page 24.

Mr. MACKENZIE KING: I am not speaking of an individual quotation; I am referring to these four or five different inferences which my hon. friend drew as he was speaking.

Mr. MANION: I am going to prove the inferences. In fact I am going to prove them and a lot of others as well. Neither the right hon. gentleman nor any one on that side of the house has risen and refuted —not one. The right hon. gentleman is now getting out from under. He has risen not once, but at least fifteen times to contradict hon. members on the statement that he appointed Major Hahn as representative. He said he meant that he had not appointed Hahn to get some information from the British war office, but when he saw I had the evidence he wanted to get out from under.

Mr. MACKENZIE KING: I meant what I said, and what I said will appear on *Hansard*.

Mr. MANION: Well, here is the concrete information. The High Commissioner in London, Mr. Massey, had been asked by the Minister of National Defence to get Hahn inside information, to obtain for him entrance to the war office. Hahn states, according to this report—and I am sticking to the report—that he got very impatient because Mr. Massey was not getting him the appointments he had promised. Finally Mr. Massey cabled to the Prime Minister. The cable, dated November 9 is set forth in the report. I will not read it in full but Mr. Massey quotes the cablegram of the Minister of National Defence to him of that day to get Hahn in communication with him, and then he adds—in his cablegram to the Prime Minister, who is the Secretary of State for External Affairs:

> In order to obtain information desired, war office must be requested to give Major Hahn, as representative of the Canadian government, access to information of a secret nature which normally is not given to other than government officials.

That is the part which applies to my statement. I will read that sentence again:

> . . . access to information of a secret nature which normally is not given to other than government officials.

And the Prime Minister, as Secretary of State for External Affairs, the following day sends a cablegram making Hahn representative of the Canadian government. I do not need to quote it unless the Prime Minister denies the cablegram. I simply say that he made Hahn the Canadian representative to get this secret information from the British war office.

Mr. MACKENZIE KING: What my hon. friend just said is quite different from what he said a moment ago. This was to get information, not to get a contract.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: If my hon. friend will read the cable which was sent, and the reply, he will see that the purpose was to get information to enable the Department of National Defence to reach its own conclusions with reference to a certain matter,—namely the possibility of producing the Bren gun in Canada—nothing else.

Mr. MANION: The cable was to get Hahn the information. The Prime Minister asks me to read the cablegram, and I will read it:

> . . . Your cablegram 9th November 396.

That was the cable which was sent by the high commissioner to the Prime Minister.

> Have discussed matter with Minister of National Defence. You might request war office to give Major Hahn, as representing Canadian government in this particular, any information which they consider desirable and necessary to enable national defence to reach conclusion on possibility produce Bren gun in Canada.

Some hon. MEMBERS: Hear, hear.

Mr. MANION:

> It is not desired to request furnishing of information on any article other than this gun.

What are my hon. friends saying "hear, hear" for?

Mr. MACKENZIE KING: It is just to get information solely for the purpose of considering the possibility of producing the Bren gun in Canada—nothing else.

Mr. MANION: Not to get information, but to make Hahn representative of the government of Canada; to enable Hahn to go in—in the words of the high commissioner—"as representative of the Canadian government" to get "access to information of a secret nature which normally is not given to other than government officials." That was the point, and it is clear. The Prime Minister has been jumping up from his seat—I have watched him rise about fifteen times—to contradict and to try to get out from under. Why, if there is not something wrong with the contract, is the Prime Minister continually trying to get out from under?

Some hon. MEMBERS: Oh, oh.

Mr. MANION: I do not think that the loud laugh proves anything. It is simply that the Prime Minister made Hahn the representative of Canada, when without his being made Canada's representative Hahn would never have got the British contract. By the way, some hon. member on the other side said that that contract was given to Hahn before the Canadian contract. As a matter of fact it was given four months after the Canadian contract.

Mr. MACKENZIE (Vancouver): The promise of it was not.

Mr. MANION: I do not care about promises. If we go into promises in addition to all this I do not know what we shall have.

Mr. MACKENZIE (Vancouver): If the hon. member reads the evidence he will find that he is wrong there.

Mr. MANION: No, I am not wrong. I am as right on this point as I am on the others.

Mr. MACKENZIE (Vancouver): May I inform my hon. friend that a telegram came from the British war office on November 9, 1937, to the effect to give a contract for 5,000 guns to the John Inglis Company.

Mr. MANION: The minister had an opportunity the other day to put some of this matter on record. Instead of doing so he indulged in a tirade against us on this side. I read from page 42 of the report:

The Canadian contract was authorized by order in council P.C. 561 of March 22, 1938.

A little later on:

The war office contract—

That is the British contract.

—which was complementary to the Canadian contract, was not signed until July 15, 1938—

Almost four months later.

Mr. MACKENZIE (Vancouver): That is right.

[Mr. Mackenzie King.]

Mr. MANION: What is the use of quibbling about the details? It is just a quibble by which the Prime Minister tries to get away from the fact that he appointed Major Hahn as the representative of this government. That to my mind is one of the most extraordinary things in the whole proceeding; and I believe that the Prime Minister is ashamed of it. When I accused him of it the other day in the house he said—at first—no, he had not done it. He feels to-day, I think rightly, that he should not have made a perfect stranger Canada's representative. There are all kinds of employees of the Department of National Defence from the deputy minister down, who are outstandingly able men.

Mr. McLARTY: May I ask my hon. friend a question on this matter? This was for the manufacture of the gun, not considering it from the standpoint of technical efficiency?

Mr. MANION: What did Major Hahn know technically about the manufacture of the Bren gun until this government taught him, sent him over to learn about it in England? Surely my hon. friend the newly appointed minister does not suggest that no one of the outstanding servants of the Department of National Defence could not have gone over, quite as well as Major Hahn, and obtained that information.

Mr. McLARTY: There was one sent over, previously, and this was from the standpoint of manufacturing, not as to their technical efficiency.

Mr. MANION: Major Hahn had never manufactured. All he had done was to assemble radios, and when he was assembling these for ten years he or his company went broke and he paid twenty cents on the dollar. That is his record. I say that there are in the department this very day and there have been all along public servants like the deputy minister and various others who could have obtained the information and come back and laid it before the department. Industrialists could then have been called in just as the British government did in the matter of aeroplanes, and the whole thing would have been carried out in an absolutely upright manner and aboveboard.

We have had in the research department for some time one of the greatest soldiers in the British empire, Major-General McNaughton, a man who is not only an outstanding soldier but a Master of Science from McGill university. He is at the head of the National Research Council. He used to be chief of general staff.

My former leader, Mr. Bennett, said many times that he had been informed by British soldiers that Major-General McNaughton was the best military man in the British empire. I cannot pass judgment upon that statement but I do know at any rate that Major-General McNaughton has a magnificent war record. Why did not the government send him over to get the information needed? Major Hahn is not a scientist. He is a lawyer by profession. Why was he sent? Why did not the government enlist the services of Major-General McNaughton and have him bring back the necessary information and submit it to the department, and then have industrialists called in? If that course had been followed the government would have obtained the same sort of efficiency as was secured in connection with British aeroplane contracts for which the government there set up a board in Canada.

Major Hahn and his associates could have made a million dollars out of their stock dealings. At the price of the stock they stood to make a million dollars. These are a few of the aspects of the deal that seriously undermine the confidence of the Canadian people, but there are many other similar phases of the subject with which I shall deal briefly.

These points have all been brought to the attention of the government and of the house, most of them by myself, a good many of them by other hon. members including my own followers, and none of these points have been dealt with by hon. members opposite. They have confined themselves to the three paragraphs that exempt the persons involved from the charge of corruption. My hon. friends opposite have never tried to refute any argument advanced on this side. For my own part, in my first remarks I limited myself to the report itself. I gave chapter and verse for every statement I made, and I did not make any statement on my own authority. All the statements I made were based upon the authority of the Bren gun report as submitted by Mr. Justice Davis, the commissioner, and not one of the points that I established has been dealt with in the many speeches that have been made by my hon. friends opposite in supposed refutation of the arguments advanced against the government.

My criticism is against the government as a whole and not against the minister particularly for his action. I say that the whole government is responsible. Now what were the statements I made? Let me give a synopsis of them. First, I said the Prime Minister was deceived by the hon. member for Trinity when that hon. gentleman wrote him in 1936, two and a half years ago, that a group of friends of his had a fully equipped plant in Toronto for the making of munitions. As a matter of fact the plant is not yet fully equipped; it is only being equipped at the present moment. Nor is it manufacturing munitions to-day. It was not fully equipped and therefore the hon. member deceived the Prime Minister. He rose in his place and expressed himself in a brief, dignified speech of three and a half minutes. I do not wish to do this young man any harm, but he never touched that charge made against him, and nobody has. Does anyone deny that he deceived the Prime Minister?

Mr. HOWE: The plant is as fully equipped as any plant in Canada.

Mr. MANION: It was not. My hon. friend who is an engineer should know better, and he does know better. It was a boiler factory and had been closed for a couple of years.

Mr. HOWE: It was a machine shop.

Mr. LENNARD: Some of the machinery ordered for this plant has not been made yet.

Mr. MANION: As my hon. friend says, some of the machinery ordered has not been made yet. It was not fully equipped to manufacture Bren guns.

An hon. MEMBER: That has not been said.

Mr. MANION: If he had said that it was as fully equipped as other plants in Canada there might be an argument, but he said that it was fully equipped. That is the first charge, and there has been no denial of that statement. And the deputy minister later, no doubt basing his statement upon the assurance of the hon. member for Trinity, spoke of a reliable group controlling plants—they had become plural by that time. In the second place, there was a letter of introduction given to Major Hahn by the minister—a letter of introduction given to a man who was unknown to the minister. The minister said, a year and a half afterwards, that he did not know this man. So that he was unknown to the minister, to the deputy minister, and to the Prime Minister. In the third place, there was this unknown man being made a representative of Canada. To me this is the most extraordinary proceeding in the whole transaction. I have the evidence here and I have given it, and I suggest that the reason why the Prime Minister has been trying to get out from under the position of having made this man the representative of Canada in this matter is that he realizes that he made a serious blunder. The

next statement I made was that pressure had been put upon the British government, because the commissioner says in the report at pages 47-48:

As appears from the communications quoted above, the war office as late as February 3, 1938 (Exhibit 190), was still adhering to its desire to deal with the Canadian government and not with a Canadian manufacturer direct.

That was more than a month before the contract was signed by the Canadian government. And the Prime Minister, in reply to the letter from the hon. member for Trinity asking whether Canadian firms might obtain orders from the British government for the manufacture of munitions, said, as quoted in the report:

It would be necessary, of course, to see that it was distinctly understood that such orders as were obtained, were at the instance of the firm itself and not either directly or indirectly, at the instance of the government of Canada.

Major Hahn would never have got a contract from the British government without the support of the government of Canada. He was pressed into the contract, and the government of Great Britain, the war office, was fighting against it up to a month before the Canadian contract was let, and did not award their own contract until four months later. The Prime Minister in the House of Commons on April 2, 1937, a year before, had said, in reply to the leader of the Co-operative Commonwealth Federation:

We agree with him in asserting the principle that no profits should be made out of war.

But how can you take profits out of war without nationalizing the industry? That is the only means by which profits can be taken out of war, by some form of nationalization. The minister himself is quoted at page 11 of the report, referring to this very statement of the Prime Minister which I have just quoted:

The Minister of National Defence said in his evidence before the commission that that statement was in agreement with his own view. The minister said that there had been no change in the actual policy of the government, or of himself; that government ownership is the best and that the next is competition.

But they did not have either; they had neither government ownership nor competition but resorted to a form of patronage and favouritism; and the claim that Major Hahn was appointed merely to get information on behalf of the Department of National Defence is to my mind ridiculous and unfair. It is ridiculous because the department, as I have said, had at their disposal many men whom they could have sent to England. They could have sent over men who were better equipped both mentally and by training than Major Hahn. And it is unfair to the other industrialists of the country that one man, without any special training, should be picked out and given peculiar rights, pushed forward by this government and made a special representative of Canada to obtain secret information from the war office in Great Britain.

The charge has been made from the opposite side that this discussion in this house has had the effect of suspending the flow of contracts from Great Britain. I say that is mere balderdash. The surest way of getting contracts from the British government is to demonstrate to them that they will get a fair deal over here, as in the matter of aeroplanes.

Mr. GRAY: Are they complaining about this contract?

Mr. MANION: Well, my hon. friends opposite seem to imply that because they say that this discussion was preventing us from getting contracts. Half a dozen hon. members have said so.

Mr. GRAY: Future contracts.

Mr. MANION: I deny it. I repeat, the best way of securing contracts is to let the British government know that they will get a fair deal.

Another statement I made was that this was patronage, and the minister replied heatedly that it was not. What is patronage? My definition of patronage is that it is favouritism to friends of the government in connection with government business to the exclusion of all others. I think that is a very simple definition. Surely this is favouritism to friends of the government in connection with government business to the exclusion of all others. What makes it worse is the fact that it is patronage in connection with munitions, something which should be above and beyond politics.

Then I made a statement about Lieutenant Jolley. I simply quoted the commissioner who pointed out that Lieutenant Jolley was inexperienced. Some hon. member then said, forsooth, that I was making an attack on youth. As a matter of fact I made no attack on youth. I know something of the problems of youth. I have three youths myself who have had their troubles in getting established in life. I know something first-hand about the problems of youth, and I have every appreciation of the difficulty of those problems. I based my remarks on the statement of the commissioner, who said that obviously Lieutenant Jolley was without the business experience and judgment necessary for a job such as he was given.

I said that there was no competition in connection with a contract where millions

were involved. I said it was an injustice to others, many of whom were more capable than Major Hahn. I pointed out that Major Hahn had no special experience for this work.

Then I pointed out that this was a cost-plus contract with ten per cent going to Major Hahn. There are times when cost-plus contracts cannot be avoided, but I do not admit that this was necessarily such a time. A cost-plus contract is one of the most dangerous types of contract to give unless you are very sure of the man to whom you give it. There is generally an inclination to increase expenses under the contract, because the higher they are the greater the profit. Ten per cent on the cost of the work was allowed by this contract. Such a contract is always undesirable if it can be avoided. It was stated that there was no competition possible. If there was no competition possible as far as price was concerned, there must have been competition in connection with the percentage allowance. There may have been many who would have been willing to take this contract on a 7½ or 5 per cent basis instead of ten per cent.

Mr. MACKENZIE (Vancouver): That is what it is, 7·76 per cent.

Mr. MANION: My friend says that, but I cannot find it. I based my statement on the contract, which says that it is ten per cent. I am going to deal with the matter on the basis of ten per cent. There may have been someone willing to take it for five per cent. There are outstanding men in this country who are patriotic and loyal enough to be willing to come forward and get together an organization to make these munitions without profit at all. That is what should have been done.

In connection with the interdepartmental committee the commissioner states—I do not intend to read the whole report—that they were given much misinformation with regard to the British government's preference for Hahn. He said also that they were overruled with regard to competitive bids and that their efforts were rendered futile by the attitude taken by the Department of National Defence. I ask, why the hurry? Under this contract no guns were to be delivered until the lapse of nearly three years, at which time some 500 odd guns were to be delivered. So far as the Canadian contract was concerned, they were within its terms if within two or three days before the end of three years they were able to make this delivery of guns. That is my understanding of the contract. Since it was to take three years to make delivery, why the hurry?

I pointed out also that the placing of the defence purchasing board recommended by the commissioner under the jurisdiction of the Minister of Finance rather than under the Department of National Defence was a complete condemnation.

Now I intend to touch upon a few points in the contract itself. I did not deal with these the other day. I had read the contract at that time, but since then I have read it again two or three times. I am going to point out a few items in the contract which seem rather extraordinary to me. So far as my experience goes, and I have had some experience as a minister in awarding large contracts, there is nearly always a clause in these contracts which forces the contractor to give something in the way of bond or marked cheque, sometimes for twenty-five per cent of the value of the contract, which is retained until the contract is practically completed. There is nothing of that sort in this contract. The financial solvency of the contractor is not assured so far as the government is concerned.

Then the licence is for ten years, and may be renewable for further periods of ten years. That makes it appear as though this is to be a continuing business which will go on for a very long time. The hon. member for Kootenay East (Mr. Stevens) referred the other day to the fact that the contract allows the costs of preliminary investigation. I venture to say that there is not a day in the year with the exception of Sunday on which there are not business men in the city of Ottawa looking for government business. Never in my life have I heard of a contractor or business man being paid his preliminary expenses for coming down here to look for a contract from the government.

The minister says the profit is not ten per cent, but 7½ per cent. I do not quite follow him, but at any rate a percentage is allowed on everything conceivable. To my mind, the provisions are far too wide. For example, under the contract he gets ten per cent on the cost of tools, dies, jigs and gauges purchased by the government. Can anyone tell me what justification there is for that? One of my hon. friends has just placed in my hand a clipping from the *Globe and Mail* of January 27, to the effect that contracts for a little more than $64,000 had been let in connection with machinery for this work. This is not a criticism, it is merely a statement of fact. It reads:

> Ottawa, Jan. 27.—Six Canadian firms have been awarded contracts to supply machinery required in connection with the manufacture of Bren machine guns, national defence department announced to-night.

The total figure given is $64,776, and this amount is to be paid by the Department of National Defence. Can anyone tell me why Major Hahn should get ten per cent of the cost of machinery purchased by the department? Yet there is a clause in the contract stating that. Surely there is no justification for it. He gets his percentage, whether it is 7½ per cent or 10 per cent I am not arguing at the moment, on salaries, on wages, on travelling expenses, on maintenance and repair of plant, on insurance, on depreciation, on legal fees and on the interest on bank loans in some cases, when made for additions to plant. Major Hahn is to get his percentage on all these items. That is covered by the clause to which I have just referred. The government buys the machinery for the plant and he gets his ten per cent. Then in case he is not sufficiently covered, there is a blanket clause to cover a lot of other things. Perhaps I should read this clause, which appears on page 10 of the contract.

Mr. McLEAN (Melfort): Did the hon. leader of the opposition say that it is ten per cent on the capital cost of the machinery?

Mr. MANION: I have the contract here. Perhaps I should read the clause. It appears on page 5 and is as follows:

> Ten per centum of the actual cost of tools, dies, jigs, and gauges purchased by the party of the first part or the party of the second part;

The party of the first part is the government, and the party of the second part is Major Hahn. He gets ten per cent of the actual full cost. Then the clause goes on to deal with the other things to which I referred.

Mr. McGEER: That does not include the machinery.

Mr. MANION: It includes some material bought to manufacture that.

Mr. MACKENZIE (Vancouver): Read the evidence on that point.

Mr. MANION: I am not going to plough through nearly five thousand pages of evidence; I am going by the report and by the contract. The only attempt that has been made by my hon. friends on the other side to read the evidence, has been made in an effort to cover this up with words.

Mr. MACKENZIE (Vancouver): The public accounts committee certainly will do it.

Mr. MANION: Let them go ahead and do it.

Mr. MacLENNAN: I do not take up much of the time of this house, and I would like to ask a question. I think the hon. gentleman ought to listen to the explanation in connection with that item. What is the explanation of the suggestion made by the leader of the opposition that Major Hahn apparently was to get some percentage of the money that was to be paid?

Mr. MANION: I am afraid this is not much of a question.

Mr. SPEAKER: I do not think that is a proper question.

Mr. MANION: I do not say this with disrespect, but I do not think it helps matters at all. The hon. gentleman has an opportunity to make his own speech; I am sure he is not going to make mine.

Mr. MacLENNAN: It was only to help the hon. gentleman.

Mr. MANION: I did not see much sign of it.

Then the government pays the cost of converting this factory into a gun manufacturing plant. Naturally, with all these things to be considered, the cost of the guns is unknown. I have heard it stated frequently, and I think the minister stated, that the cost of the guns is known. It is not; no one knows to-day what the guns are going to cost. Then, sir, on page 12 of the agreement there is a joker clause, which provides for payments in addition to the ten per cent, and I am sticking to the ten per cent because that is the figure used throughout the contract. Not only will the government have to pay that; under certain conditions they will have to pay more. It is stated that a standard price will be set for these guns; once that price is fixed, whether or not he gets anything in addition, will depend upon what Major Hahn does in regard to manufacturing costs. He can get a higher percentage if he manufactures these guns for less than the standard cost. Who is going to set that standard? It will be set by the minister and his department and Major Hahn. There is a very grave opening, to my mind, for some very peculiar work. This looks to me like a sort of joker in the contract.

Mr. MACKENZIE (Vancouver): I may tell my hon. friend that that was inserted by the interdepartmental committee against the actual objections of the officials of the Department of National Defence, in conformity with the British practice.

Mr. MANION: I am glad to hear my hon. friend say that, but if it was inserted against their wishes they should have had

the courage to stop it from being inserted. The interdepartmental committee was overruled in almost everything else, and I do not see why the department or the government should let themselves be governed by the committee in this regard.

Mr. McGEER: Would it not be fair to say that this incentive clause was demanded by the British war office; that the Canadian department objected to it and the British war office insisted on that incentive clause being included?

Mr. MANION: I am afraid the hon. member for Vancouver-Burrard (Mr. McGeer) and the minister will have to fight that out between themselves. The minister says it was inserted on the insistence of the interdepartmental committee; the hon. member for Vancouver-Burrard says it was inserted by the British war office. I do not care by whom it was inserted; I do not think is was necessary. I think this man Hahn was making plenty out of this contract without the insertion of any such clause.

Then there is another extraordinary clause, to me the most extraordinary of all. My hon. friend from Vancouver-Burrard made a very fine speech on this subject, on which I complimented him before he came in. Incidentally he was the only speaker whom I did compliment.

Miss MACPHAIL: They should make him Minister of National Defence; he was the only one to offer any sort of defence.

Mr. MANION: I wish, however, when he made his defence, the hon. member for Vancouver-Burrard, with his fertile Hibernian brain, had dealt with the contract itself. Knowing contracts fairly well, as he does, I have no doubt he could have pointed out some of the bad points as well as the few good one he was able to find.

On page 14 of the contract there is one of the most extraordinary clauses I have ever seen, and I should like to read the important part of it to the house. I should like to know what it means, and I would like my hon. friend from Vancouver-Burrard, or any member of the government who can do so, to explain it. It provides:

—the party of the second part—

That is, Major Hahn.

—hereby agreeing that it will not employ any person on or in respect of any of the work required under this contract, or allow any person to have access to the plant wherein the manufacture of said Bren guns is being carried out unless and until it has furnished in writing to a party to be designated by the party of the first part—

That is the government.

—the name, address, and other particulars,—

Politics, I wonder?

—as may be required by the party so designated of each such person, and said party has approved of such person being employed on or having access, as the case may be, to the said work and plant.

That appears in the middle of page 14 of the contract.

Mr. McGEER: If my hon. friend would accept an explanation of that clause—

Mr. MANION: The hon. gentleman has made his speech, and I am going to explain this clause. During the course of his remarks my hon. friend said a man never listened himself into trouble, and I pass the advice back to him now. I listened to him fairly patiently the other night. When I read that clause I asked what it could mean but this: it simply says that Major Hahn or the John Inglis Company—and I am referring to Major Hahn as the John Inglis Company—cannot hire anybody without the consent of this government. They have to give the name, address and other particulars, to somebody designated by the government, before ay person can be hired.

Mr. ROGERS: I should like to ask one question. As I read it, the first part of that clause entirely explains it:

The party of the second part undertakes and agrees not to disclose or communicate any information concerning the said Bren guns to any unauthorized person or persons, nor shall they permit any unauthorized person or persons to have access to that part of their plant where said Bren guns are being constructed during the construction of the said Bren guns—

Then it goes on to the section quoted by my hon. friend, but why did he not quote the whole clause?

Mr. MANION: I did not quote it because I did not choose to do so. I allowed my hon. friend to quote it, but I should not have done so; he is following me and he can deal with it. I say that is not the case; I say secrecy has nothing to do with it. I say that is a political patronage clause for the purpose of giving this government an opportunity to hire its own friends. That is the only thing I can read into it. All they had to do was say that no one but Canadians could be hired, if they wanted to be particular; they could have seen that the employment was restricted

to Canadians. Why should this government, in a contract given to a private individual, want the names, addresses and other information of all those to be employed? Incidentally some of the members from Toronto tell me that this is what is being done at the present time; that unless you are a Liberal you do not get a job in the Hahn plant right now.

Mr. MACKENZIE (Vancouver): May I assure my hon. friend that that is not with my knowledge.

Mr. MANION: That may be; I am not questioning that. I am simply saying it is probably with Mr. Plaxton's knowledge. He is the local member. And by the way, since hon. gentlemen opposite are asking me questions, I should like to know who is the man designated by the government. They say somebody has to be designated, and I should like to know who it is.

Mr. MACKENZIE (Vancouver): I think there will be about thirty inspectors and auditors altogether.

Mr. MANION: But in regard to the employment?

Mr. MACKENZIE (Vancouver): I have no knowledge at all.

Mr. MANION: Apparently someone is to be designated. To me that is the most extraordinary clause in the whole contract. Then there are a few other clauses on which I should like to touch. The government may cancel the contract, but if they do so Hahn receives $43,750; that is, if they cancel it before he starts to deliver these guns. If it is cancelled after he has started to manufacture them he receives more. If this contract is to be cancelled at all, supposing it should be cancelled by the government for cause, why should Hahn receive anything? Why should it be written into this contract that if it is cancelled before he begins to manufacture these guns he will receive $43,750? To my mind these provisions are sufficient to illustrate the preferred position of Hahn.

Then I should like to ask another question, touching a matter which I mentioned during my previous remarks. In his speech the other day the minister made no reference to it; neither did anybody else. This contract was signed by the Canadian government on March 22. It was tabled in the House of Commons on June 29, three months and seven days later. Why was it not tabled when it was signed? The house was sitting.

[Mr. Manion.]

Mr. MACKENZIE (Vancouver): It was never asked for.

Mr. MANION: Is that a proper answer, that it was never asked for? This contract should have been tabled immediately after it was signed, but it was not tabled until three or four days before the house prorogued, for the purpose of preventing discussion on the contract. Undoubtedly, sir, that is the whole answer. I say the whole matter was clumsily—

Mr. MACKENZIE (Vancouver): I rise to a point of order. On May 5 a press release was given to the press of Canada giving details of this contract. On May 16 the hon. member for Yale (Mr. Stirling) asked a question of me, and in my reply in this house I gave details as to this contract.

Mr. STIRLING: And on the point of order, if I may say so, the minister promised then to table the contract.

Mr. MACKENZIE (Vancouver): I said I should be glad to.

Mr. MANION: The contract was not tabled until two or three or four days—two days, I am informed—before the house adjourned, anyway. So that the whole affair had not a good appearance.

Then there was the stock promotion. These gentlemen—Major Hahn, the Plaxtons and Messrs. Cameron, Pointon and Merritt, a firm of stockbrokers in Toronto, got stock sufficient to give them nearly—indeed, over a million dollars in profits over and above what they paid for the stock. They paid around $100,000 for it, at 50 cents a share, and they could have sold it—they did sell some of it—at between $6 and $7 a share. So they stood to make over $1,000,000 in profits.

No Liberal standing upon the other side of the house has either endorsed or denied that statement. It was put on record by the hon. member for Waterloo South (Mr. Homuth), the hon. member for St. Paul's (Mr. Ross) and the hon. member for Mount Royal (Mr. Walsh). I did not mention it in my previous remarks, but it was put on record, and nobody has discussed it. I hope the Minister of Labour (Mr. Rogers), when he is on his feet, will give his opinion with respect to a contract for munitions which is framed in such a manner that the holders of that contract, before the plant is equipped, can clean up a million dollars, for nothing. They can put a million dollars in their pockets.

If that is the opinion of this government, then I say it is not the opinion of the people of Canada that that should be allowed. I say it is repugnant to the ideals of the Canadian

people. If my hon. friends opposite are reading the press of this country to-day they will get that opinion clear enough, even from Liberal papers,—the Vancouver *Sun,* the Winnipeg *Free Press* and this very morning from the Ottawa *Citizen.*

I have received letters by the score. In fact, I have one in my pocket from a young man in which he says he is thirty-three years of age. This man lives in Montreal—I do not know him—and he says, "If this country is in danger I want to fight for it, but I don't want to fight for a lot of blood-sucking profiteers back home, for whom I would be risking my life." That is the attitude the young men have and if we are going to give them confidence in democratic institutions, confidence sufficient to make them loyal to their country, we must stop such dealings as this.

The Prime Minister took the same attitude in the house. He said no profits should be made out of war. I have already quoted his words, as they appear in *Hansard* of 1937. With the Prime Minister's ideals, against profits being made out of war, I wholly agree. But in this declaration, as in so many others, his actions do not agree with his expressed principles. I said on an earlier occasion that he was a theoretical reformer but a practical reactionary. I say in this instance that he is a theoretical idealist but a practical politician. If his ideals interfere with politics, then so much the worse for ideals. That is the only conclusion I can come to.

This contract is irregular. It shows the possibility of huge profits in stock deals, in complete contradiction of the ideals expressed by my right hon. friend. I have quoted statements of my own wherein I have expressed myself contrary to those methods. I have put on record my remarks in the book I published. I put myself on record in 1934 before the League of Nations, and in various other places. My proposals were that the contract should be cancelled, that Major Hahn might be recompensed if necessary, that the government should take over and carry on the work and that it should expropriate the plant. I pointed out, as I point out again, that there need be no delay in connection with the construction of these guns. It would suit the British government, because it has been pointed out over and over again in the report—certainly it has been stated clearly by Mr. Justice Davis—that the British government did not want to deal with a private contractor at all. They wanted to deal with the government of the day in Canada. I said this in closing my remarks—as I am about to do now:

> This is not ordinary government business. No one can deny that this is a question of life and death, a question of peace and war; it is a question of the life of our boys. It is a question of the safety of this country, and perhaps it is more than that, it is a question of our freedom as a nation.

That has been described by someone as drawing a long bow, and the suggestion is made that I was exaggerating. Am I exaggerating? I am going to put on record one statement I have in my hand which has nothing to do with the Bren gun contract, but which does deal with the defence of Canada. I hold in my hand a publication known as the Canadian Defence Quarterly. It is described as,—

> A magazine published for the purpose of providing a medium for the free discussion or expression of views on matters of interest in connection with defence.

At page 54 is an article by a young man—well, I suppose he is a young man; I do not know him. His name is Flight Lieutenant A. Carter, M.M.—Military Medal—Royal Canadian Air Force. I will read two paragraphs of his observations with respect to defence. He says:

> When the railway terminal was taken to Churchill and the grain elevators built, the transportation of grain and other produce by the shortest route from western Canada to Europe became a reality.
>
> However, this is also the shortest route from Europe to western Canada; not only that, but with the development of long range high speed aircraft, this route makes it possible for an enemy to establish bases near enough to permit of the bombing of all industrial centres from Quebec city to Fort William and, operating from off Churchill or Port Nelson on the west coast of the Hudson bay, even Winnipeg itself.
>
> Ships laden with aircraft, equipment, fuel and bombs could enter the Hudson bay via the north Atlantic and the Hudson strait, anchor off Churchill or Port Nelson and from this floating base assemble long range bombers which would necessarily have to be float planes or flying boats owing to lack of possible landing fields in this part of the country.

I will not read more, but I will show a map to hon. members and, in a few words, I will describe it. In this article Flight Lieutenant Carter sets out a map of the Hudson bay area, including Hudson bay and James bay, jutting down into the central part of the Dominion of Canada. He gives certain mileages—and I must say that I had them checked up, because I could not believe my eyes, although I thought I knew my geography fairly well. He gives the mileages from bases in Hudson and James bays, bases to which there

is nothing in the world to prevent a German boat, or any other war ship, coming during a time of war. For instance, if a ship could escape, as did the Emden, during the early months of the last war, it could reach these points in Hudson and James bays. There would be nothing in the world to prevent them. We have nothing by way of defence at Hudson strait, Hudson bay or James bay.

On the map he sets out some mileages from points on Hudson bay and James bay, where he says an enemy ship could establish a base and enable enemy aircraft to make flights to some of the main centres of Canada. A aircraft carrier could discharge its aircraft and, from these places in Hudson bay and James bay, attack the different points in Canada. Would it surprise hon. members opposite to know that from Charlton island, down in the lower end of James bay, it is only 500 miles to where I am standing at this time?—just 500 miles. To Quebec, it is 525 miles; to Montreal, 525 miles; to Ottawa, 500 miles; to Toronto 550 miles, and to Niagara Falls—the farthest point—600 miles. To Sudbury, where we find the International Nickel Company, a huge industrial organization, it is only 400 miles. The mileage to the Abitibi dam is not given, but, following the scale used, it would appear to be about 150 miles. To Fort William it is 500 miles. Then, from a point in Hudson bay, namely from Churchill, it is 625 miles to Winnipeg, 600 miles from Port Nelson to Winnipeg and the same distance from another point farther down the coast of the bay.

In other words, an enemy ship could come across the Atlantic ocean and nothing in the world could stop it. It could go into Hudson bay or James bay and, with aircraft, operate over a long range, even as far as Niagara Falls. Those enemy aircraft could fly down and destroy Niagara Falls and Ottawa. They would travel a distance of only about 600 miles each way, or a total of 1,200 miles—and what is that, to-day, in view of present flying possibilities? They could destroy Ottawa, Montreal, Quebec, Toronto and Niagara Falls, none of which is more than 625 miles from the landing point.

Mr. LANDERYOU: What about the British and United States navies?

Mr. MANION: The British and United States navies existed in the early months of the war. But at that time the Emden went all around, to different parts of the world, and did a great deal of damage. There is nothing in the world which would stop such a raid. I am simply showing the possibilities which have been pointed out by this gentleman in the pages of the Canadian Defence Quarterly. I state these facts to show that I am not exaggerating when I say that this may mean the very life of our defence, and the very existence of our country as a nation.

So I submit that this is one of the most important questions before the Dominion of Canada at the present time. What condition are we in to protect ourselves? What condition have we got into, through the expenditure in the last two years of something like $70,000,000? I am told we are in a very, very poor condition. I have discussed the matter with various people who are much better informed in that regard than I am.

In view of these and many other facts I ask if the Prime Minister can sit quiet and endorse this deal? After all, it is his responsibility.

May I make it perfectly clear to the house and to the country that we have been discussing this important matter from the standpoint of what is best for Canada in defence, and of the method of providing munitions for that purpose.

My object, and the object of this party, is to insist upon the honest spending of the huge sums of money which are allocated for the defence of Canada.

I repeat now what I said in my last speech in this chamber, and on other occasions outside of the House of Commons, that there should be absolutely no profits whatsoever for anyone in the production of munitions to be used for the defence of our own country. That has been my attitude for nearly five years, and I am prepared to-day on behalf of this party to adhere now and in the future to that position. The attitude of our party is one of determination to stop, once and for all, any patronage or profiteering in munitions contracts.

Let the Prime Minister make any proposal he wishes to do away with such methods as the Davis report has revealed, and we will unhesitatingly support him.

In conclusion, may I say that this party has done what it conceives to be its duty. We cannot stop the reference to the public accounts committee, on which we have eight members out of fifty, and I assume the question will go to that committee. To that I have no particular objection, but I have no hope that the public accounts committee will add anything to the information already given to us by the Davis royal commission.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, the leader of the opposition (Mr. Manion) has said just now that he believes the issue in this debate

ought to be more clearly defined. I agree wholly with that. He has said that there has been a confusion in the minds of some who have spoken as to what is the real issue in this debate. I agree with that too. But I would suggest to him that the confusion, such as it is, to which he has referred, has not been limited by any means to those who have spoken from this side of the house, and I would add further, that he himself cannot escape his share of responsibility for having not clarified the issue in the first instance.

He has said just now that the form and substance of this contract constitute the real issue before us at this time. Am I correct in that?

Mr. MANION: No, that is not correct.

Mr. ROGERS: Well, my hon. friend did suggest that a few moments ago.

Mr. MANION: I gave the issue as I see it.

Mr. ROGERS: And he admitted a little later that when he spoke to this house in connection with the main motion more than a week ago, he had not read the contract at all.

Mr. MANION: I did not admit any such thing. The minister is entirely wrong. I said I had read the contract then, and I have read it three or four times since. I had read the contract. I do not want my hon. friend to misquote me. I read to the house what the issue was. I have a copy of what I said before me. I allowed the minister to rise and give a quotation while I was speaking, so perhaps he will allow me to read again what I said was the issue. It was this: The issue in a sentence is the whole method of buying munitions at a time when, because of threats by dictatorships against democracy, we in Canada, a peace-loving people, are forced at a cost of tens of millions of dollars to arm in our own defence in order to maintain our freedom as a nation. That, Mr. Speaker, is the issue.

Mr. ROGERS: I think my hearing is fairly good, and when I listened to my hon. friend he certainly did state that when he spoke to the house before he had not read the contract.

Mr. MANION: I did not state any such thing. If I did, I would have stated what was untrue.

Mr. ROGERS: I am willing to accept my hon. friend's word, if he says that, but I understood him to say that he had not read the contract.

This debate has continued now for something more than a week, and I am sure there are many in this house and beyond it who believe that every legitimate public interest would have been served if the questions at issue had been discussed over a period of two days, with a subsequent reference of all matters in dispute to the public accounts committee, as proposed originally by the hon. member for Vancouver North (Mr. MacNeil).

Why has this not been done? The reasons are abundantly clear. The leader of the opposition has preferred to prejudge and anticipate any report that might come from the public accounts committee. He has asked for the cancellation of a contract which was not condemned by the royal commissioner who was appointed to inquire into that contract and the circumstances surrounding its negotiation. At the same time the hon. gentleman has opposed, by implication at least, any further investigation of this contract and allied matters by a properly constituted committee of this house; and in this rather strange and devious course he has been aided and abetted throughout by members of the Cooperative Commonwealth Federation group, including the hon. member who moved the original motion to refer this question to the public accounts committee.

In the face of these facts, it is small wonder that we on this side of the house who are as anxious, as we have proved, as any members of this house to have this matter thoroughly investigated, are convinced that members of opposition groups have now replaced, as it were, what was at first the paramount consideration in their mind—the reference of this matter to the public accounts committee for further investigation—with considerations of immediate political advantage. I say this with some regret, but I question if any other conclusion can be drawn from the debate as it has developed in this house during the past week. It is not easy to see any good reason for the objection taken by the leader of the opposition to the reference of this question to the public accounts committee. The reason he gave—

Mr. MANION: I do not object now, if I may say so, but I want it properly discussed in this house, not drowned in the committee.

Mr. ROGERS: If my hon. friend wishes to make another speech, that is his privilege.

Mr. MANION: My hon. friend himself interrupts very often.

Mr. ROGERS: But the reason he gave is not one which could be accepted by any member of this house, and I am going to recall that reason to the mind of my hon. friend. He said in effect that he did not want an

investigation by a packed committee behind closed doors. Those were the words he used, and I suggest to him that in making that statement he did not bring credit either upon himself or upon the party he leads in this house. As a matter of fact, his attack was not merely upon the public accounts committee, but upon the entire committee system as it is practised under our parliamentary system. If what he said is correct of the public accounts committee now, it was true of the public accounts committee under any previous administration; and if it can be applied to the public accounts committee, it can be applied, I submit, to every committee of this house. My hon. friend in stating that he is not prepared to have this matter referred to the public accounts committee because that committee is a packed committee, and because, as he suggested, it met behind closed doors, which is absolutely incorrect, as he well knows, has by any rule of estoppel precluded himself from referring in the future any matter to any committee of this house.

Mr. MANION: That is just nonsense.

Mr. ROGERS: My hon. friend expresses entire lack of confidence in any investigation that might be given to this matter by the public accounts committee.

Mr. MANION: That is different. I agree with that, but not as regards any other committee of the house. My hon. friend said that I condemned every committee of the house. I did not do any such thing.

Mr. ROGERS: How does my hon. friend distinguish between one committee and another?

Mr. MANION: If my hon. friend wants an answer I shall give it to him.

Mr. ROGERS: They are composed in entirely the same manner in accordance with the practice in this house and the practice at Westminster.

Mr. MANION: Does my hon. friend want an answer?

Mr. ROGERS: Let me put this question to the members of the opposition groups: From the moment that Colonel Drew wrote his article and it appeared in *Maclean's* magazine, has there been the slightest reluctance on the part of this government to submit this question to the most complete and exhaustive investigation? Was there any delay in creating the royal commission? Was there any lack of care in the selection of the royal commissioner? Was there any restriction put upon the terms of reference which would in any way prevent the commissioner from making a finding upon the facts?

Mr. MANION: There was by the counsel.

Mr. ROGERS: I shall deal with that in a moment. The answers to these questions are, I suggest, clear and conclusive, but apparently they have to be repeated again and again in order to correct the impression which speakers from the opposition are attempting to have go out from this house to the country. The Prime Minister (Mr. Mackenzie King) put the position in the clearest possible light when he opened this debate on February 3. I quote his words:

> The article was published on September 1, and the minister reached Ottawa a few days after. When he arrived in Ottawa there was a meeting of the cabinet which he attended. He brought the matter up for the consideration of the government, and he felt, and other members of the government felt, that if this article with the allegations it contained were to go without investigation until parliament reassembled, which would be some time in the new year, there would immediately be created in the public mind considerable concern over these allegations and it would be assumed that the government was seeking to avoid inquiry into the matter. The government took the alternative course of not delaying for one moment the matter of instituting an inquiry, and adopted the course which would afford the most effective means for the fullest and most searching kind of inquiry, namely, an inquiry under royal commission by a judge of the Supreme Court of Canada.

So far as I can recall, the only objection taken by anyone to the form of the original inquiry by Mr. Justice Davis was that raised by the leader of the opposition when he suggested that the commissioner had submitted under pressure of counsel to a restriction of the scope of his findings. I do not wish to misquote my hon. friend, and I shall give his exact words on that point, on page 706 of *Hansard*:

> In other words I find myself asking, was the whole investigation turned into a farce, in this way: that Mr. Justice Davis apparently desired to give opinions but was influenced so strongly by the views I have quoted, including the views of government counsel, that he did not, presumably, dare to do so?

Those are the words used by my hon. friend when referring to this matter.

No one who has even a slight acquaintance with Mr. Justice Davis would believe for one moment that he would be influenced by counsel against his better judgment, and I suggest that it is a reflection on him even to make a suggestion of that kind. The truth is that any restrictions accepted by the commission were not imposed by counsel at all but

were based upon the provisions of the Inquiries Act, combined with the fact that Colonel Drew, with more caution than he usually displays, failed to make any specific charges against any individual in the article published in *Maclean's* magazine. So that the suggestion of my hon. friend that it was counsel who imposed a restriction upon the commissioner is surely very wide of the actual facts.

Mr. MANION: Would the hon. gentleman quote—I shall not quote it—what Mr. Justice Davis said about that on page 35 of the report?

Mr. ROGERS: Well, Mr. Speaker, I have read the report; I am capable of forming my conclusions from the report in the same way as my hon. friend has done, and I suggest to him that it was for the commissioner to decide—

Mr. MANION: According to the report, he did decide.

Mr. ROGERS: —after arguments of counsel, whether or not he could deal with charges which had not been made specifically by Colonel Drew in the article written in *Maclean's* magazine. There was no restriction imposed by counsel, least of all any restriction imposed by the government. The only restrictions accepted by the commissioner were those implicit in the terms of the Inquiries Act.

Let me turn now to the issue which is actually before the house in this debate. Perhaps my hon. friend will allow me to state the issue as I see it, even as, a little while ago, he stated it as he saw it. In simple terms the issue before us is this: In the light of the report made by the royal commissioner on the Bren gun contract, should that contract be cancelled forthwith, or should the contract itself and the several questions referred by the commissioner for the consideration of parliament be referred to the public accounts committee for further investigation and report? These are the two alternative procedures before the house at the present time. In his original amendment my hon. friend proposed that the Bren gun contract should be cancelled forthwith. When that was ruled out of order, the hon. member for Kootenay East (Mr. Stevens) moved another amendment which, I suggest, was in effect for the same purpose, namely to bring about the immediate cancellation of the Bren gun contract; whereas the hon. member for Vancouver North (Mr. MacNeil) who moved the original motion suggested that the report on the contract and allied matters should be referred for investigation to the public accounts committee.

In the first place neither the report of the commissioner nor anything that has been said in the course of this debate can be urged in justification of the cancellation of the Bren gun contract. There are only two sufficient reasons which might be given for the cancellation of this contract. The first is that the contract is tainted with fraud and corruption, and the second is that in substance it is not a good contract. I think at this point it might be useful to refer to what was said a little while ago by the leader of the opposition with respect to charges that had been made by Colonel George Drew, charges which subsequently were fully investigated by Mr. Justice Davis. The leader of the opposition has said that he is now making no charges of fraud or corruption with respect to the Bren gun contract. In the most recent issue of *Maclean's* magazine I read these words:

> There is not one word in the Davis report which disputes the facts disclosed in *Maclean's* article.

But I suggest that one thing which has led to the confusion in this debate is this, that members on the opposition side have been dealing in large measure with the evidence brought by Colonel Drew before the commission, and have been ready to draw inferences from that evidence which were entirely rejected by the royal commissioner, Mr. Justice Davis. *Maclean's* magazine refers to the facts having been fully borne out by the investigation. But it was not the facts alleged by Colonel George Drew in the article which he wrote in *Maclean's* magazine that caused the most damage in this country, and my hon. friend, I am sure, is fully aware of this. What really tended to create suspicion and undermine confidence in the Department of National Defence were the insinuations and innuendoes which were drawn from those facts by Colonel George Drew. I suggest that the whole purpose of the article written originally by Colonel Drew and published by *Maclean's* magazine was to prove that there had been fraud and corruption in connection with the Bren gun contract.

Mr. DUNNING: To make the Canadian people think so.

Mr. ROGERS: Undoubtedly that was the impression which was sought to be created in this country by the publication of the article by Colonel George Drew. If there was any doubt on that matter, it was dissolved by the charge made by Colonel Drew to the commissioner in the course of the investigation. Colonel Drew attempted to prove fraud and corruption in this contract and he failed completely to do so. That was the purpose of the attack on the minister and the Department of National Defence. That was the impression

which was sought to be created in the country by the proprietors of *Maclean's* magazine. If I am asked why these specific accusations were not made in the original article, the answer is so clear that he who runs may read. Colonel Drew knew that what he wrote in that original article would expose him to the law of libel and slander, and he preferred apparently to damage other reputations rather than risk his own. He knew equally that what he said in the course of the inquiry before Mr. Justice Davis would be protected by the privilege which surrounds judicial proceedings.

Mr. CAHAN: No, no. The minister certainly cannot go that far. Even a commissioner is not protected.

Mr. ROGERS: I am going to refer in a moment to what Colonel Drew said.

Mr. CAHAN: I have read a judgment of the judicial committee to the effect that the commissioner himself is not protected by any privilege.

Mr. ROGERS: If it was not the intention of Colonel Drew to prove that there had been fraud and corruption in connection with this contract, how else can one account for his boast, given at the Ontario Conservative convention, that the contract itself would be cancelled before the opening of this session of parliament? Surely it would be only upon the basis of some fraud or corruption in connection with the contract that any government would have been justified in cancelling it, particularly in view of its close connection with the contract let by the British war office. If there had been fraud or corruption in connection with this contract it would have been condemned with equal vigour on all sides of the house. But upon that point the commissioner has left no one in doubt. The leader of the opposition apparently objects to the repeated reading of that section of the report which deals with this important matter, but I suggest that if this entire question is to be placed fairly before the people of the country it is well that we should remember three things: First, that it was the intention of this article in the first place to create the suspicion that there had been fraud and corruption in connection with this contract; second, that all the evidence in the matter was brought before the commissioner; and, third, that the commissioner found that there was no evidence which would justify even the suspicion of fraud or corruption. These are his words:

> There is no evidence that any member of the Senate or of the House of Commons of Canada was admitted to any share or part of the contract, or to any benefits to arise therefrom, or had been promised or given any suggestion that he was to have any share or part of the contract or was to be admitted to any share or part of the contract, or to any benefit to arise from the contract.
>
> The evidence relating to the activities of Mr. Hugh Plaxton prior to the making of the contract has already been set out or referred to in this report, and with that exception (and excepting of course the minister presiding over the Department of National Defence) there is no evidence that any member of the Senate or of the House of Commons of Canada had any connection with or took any part in the discussions or negotiations leading up to the contract.
>
> There is no evidence that any senator or member had any connection with or took any part in the affairs of the company or in the sale of shares or securities of the company.
>
> I think it right to say that there is no evidence (nor is there in the evidence any ground for suspicion) that the minister or the deputy minister or any officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption.

Surely in the light of the evidence brought before the commissioner, and in the light of his own findings, it could not be suggested for one moment that there was the slightest ground for the cancellation of the Bren gun contract because of any taint of fraud or corruption.

Mr. WOODSWORTH: The minister is trying to clear up the situation, and I should like to understand whether from his standpoint the granting of special privileges to one individual would come in any way under his terms of "fraud" and "corruption?"

Mr. ROGERS: Upon that point I should say that all the evidence was before the commissioner as to the method of negotiation of the contract, and the commissioner found no evidence of fraud or corruption with respect to that. I should think that would answer my hon. friend completely. The commissioner says further at page 49 of the report:

> No substantial objection can be taken in my view to the provisions of the Canadian contract, though in the absence of any competitive bids or terms of manufacture, I am unable to pass upon the substance as distinct from the form of the contract.

Mr. WOODSWORTH: Is that not the point?

Mr. ROGERS: I am coming to that:

> It is important, of course, that the contract be a good and businesslike contract; but what is more important after all is whether the procedure adopted in making the contract was that best calculated to protect the public interest and to secure the confidence of the people of Canada that there would be no improper profiteering in the private manufacture of war armaments for the defence of the country.

I have read the entire paragraph given in the report. We will take it for granted, as it ought to have been taken for granted from the beginning of the discussion, that there is no ground whatsoever for the cancellation of the contract upon the basis of its having been tainted in the slightest degree with fraud or corruption.

That brings us to the question of the substance of the contract, as to whether it was in all the circumstances a good contract. The leader of the opposition said that there had been some confusion in the minds of speakers in this chamber with respect to the matters that were really at issue, and I have no doubt that he had in mind that this house had not given sufficient attention to the substance of the contract. Well, I have followed this debate carefully from day to day and certainly the suggestion of my hon. friend did not apply to a number of addresses given from this side of the house by those who were competent to refer in an authoritative manner to the provisions of this contract. I have in mind the speech from the hon. member for St. John-Albert (Mr. McAvity), the speech of the hon. member for Parry Sound (Mr. Slaght), the speech of the hon. member for Vancouver-Burrard (Mr. McGeer), and the speech of my colleague, the Minister of Transport (Mr. Howe). These men spoke either as engineers or as lawyers with respect to both the form and the substance of the contract, and I recall that the member for St. John-Albert stated that the practice followed in the awarding of the contract did not differ in any important respect from the procedure followed in the letting of contracts by the imperial munitions board during the last war. Not only that, but the Minister of Transport, who is an engineer of long experience, also stated, after a thorough examination of the contract, that in substance it was the kind of contract which would be regarded as a good one had it been entered into by a private corporation in this country.

There is the further question whether or not this contract ought to be rejected simply because it was not given after competitive bids. There are large questions of policy involved in any suggestion of that kind, and that question of policy has been discussed to a limited extent in the course of this debate. It is stated against the method actually followed that it involved the giving of a special privilege to one selected contractor, and the suggestion was made that this practice of necessity should be condemned, because it assumed the form of political patronage. Now, it does seem to me, as one examines the question in terms of policy, that those who say that we should manufacture all munitions directly in government factories are at least logical to this extent, that by that method one would avoid any suggestion of patronage. But I have not heard it suggested seriously by anyone who has taken part in this debate that in the light of the urgency of the last two years and the critical position of international affairs it would have been wise or practicable for this country to accept the delay that would have been consequent upon the manufacture of Bren guns in a government factory which did not at that time exist.

Mr. WOODSWORTH: Will the minister explain why not?

Mr. ROGERS: My hon. friend is fully aware of the fact that the arsenal at Valcartier deals with the manufacture of ammunition but to my knowledge, at any rate, has nothing to do with the manufacture of guns. The plant at Lindsay was dismantled at the close of the war and was not equipped to produce Bren guns; and for a government to set up an entirely new factory to manufacture guns of this kind—

Mr. HOMUTH: May I ask—

Some hon. MEMBERS: Sit down.

Mr. HOMUTH: I just want to ask this question. Is it not a fact that they have built and are equipping an entirely new factory for the purpose?

Mr. ROGERS: The question of policy has been discussed before in this house and will be discussed again. It may be discussed very properly before the public accounts committee. The negotiations with respect to this matter, let us remember, continued over a period of two years.

An hon. MEMBER: Three years.

Mr. ROGERS: Three years, if you will. The Minister of National Defence (Mr. Mackenzie) stated that in theory he favoured government manufacture of munitions, but at the same time he was obliged to take account of practical necessities. Can my hon. friends point to any other country such as Great Britain or the United States, which under the conditions that have existed during the last few years have taken the position that all munitions should be manufactured directly by the government. I know of no such country. It has been found necessary in both Great Britain and the United States to mobilize private enterprise in order to ensure that there shall be that constant supply of munitions which is absolutely necessary to maintain the security of the country.

Mr. COLDWELL: France is doing it.

Mr. BRADETTE: Look at the mess she got into.

Mr. ROGERS: France is not dependent on that alone. In recent months France was faced with a complete stoppage of munitions probably because of the very policy which she had then adopted. I admit without question that there are strong arguments to be brought forward on the side of government manufacture of munitions, but so far as the immediate need is concerned I am not convinced by any means that it would have been feasible for this country to have manufactured Bren guns in the manner thus indicated.

I want to go further. If you rule out government manufacture of munitions, there is only one other method I know of which excludes completely the possibility of the kind of charges of patronage which have been brought against the present contract. That other method would be open tenders by public advertisement. I have not heard it suggested by anyone in this house that this would have been either a wise or a practicable method to have followed in the present instance. What has been suggested in this house as an alternate procedure which might have been followed in connection with this contract? The other day the hon. member for Leeds (Mr. Stewart) when discussing this matter suggested that the proper way to have dealt with it would have been to invite tenders from half a dozen industrial companies. Am I correct in that?

Mr. STEWART: That was just one method. There was also that of public tenders.

Mr. ROGERS: I think I am correct in saying that he thought it was the best method.

Mr. MANION: It would be better than only one.

Mr. ROGERS: Would the hon. member for Leeds suggest for one moment that by inviting tenders you would exclude the possibility of patronage? I ask that question deliberately. Some years ago my hon. friend presided over the Department of Public Works at a time when the Public Works Construction Act was passed. I am sure he is fully aware of the fact that by inviting tenders from a number of selected contractors not only do you not exclude patronage, you promote it.

Mr. STEWART: I want to say to the hon. gentleman that I am not aware of anything of the kind. In the Department of Public Works the method was public tenders; I do not know about the other departments.

[Mr. Rogers.]

Mr. ROGERS: I have no desire to labour this here because I want to deal rather with the question of principle, but my hon. friend did suggest that the proper way to avoid patronage was to invite tenders rather than to give a contract to some particular person who was selected for the purpose.

Mr. STEWART: One person, yes.

Mr. ROGERS: I suggest that by no means is his method a remedy. I have in my hand a long list of contracts which were let by him during 1934 and 1935. In each instance the contract was either not awarded to the lowest bidder, or given at the lowest price to someone who was not the lowest bidder.

Mr. STEWART: Exactly. I said the reason for doing that was to prevent one contractor from having too great a number of contracts, but the contract was always given at the lowest price.

Mr. ROGERS: What are we to understand from that? Is the money voted by parliament for unemployment purposes to be used to satisfy contractors, or is it to be used in the most economical way for the purpose intended? I find it difficult to understand the reasoning of my hon. friend on that point.

Mr. HOWE: It is not very good.

Mr. ROGERS: Surely the question of the substance of this contract is one that can be considered far more effectively, not behind the closed doors of the public accounts committee but in the clear, open light of the public accounts committee and under conditions which will permit hon. members to obtain all the information they may desire from the officials of the Department of National Defence. One of the recommendations contained in the report of the royal commission has some relation to the matter I have just been discussing. That recommendation is that there should be set up a national defence purchasing board to be responsible directly to the Prime Minister (Mr. Mackenzie King) or the Minister of Finance (Mr. Dunning). That question was one which had been considered by the Minister of National Defence before the inquiry by Mr. Justice Davis. The minister has already stated in the house the reason why he did not think it wise to make that suggestion while giving his evidence before the commission. There certainly has been no delay on the part of the government in accepting that one specific recommendation by Mr. Justice Davis. Certainly, so far as the future is con-

cerned, the setting up of a board as recommended by the commission would remove to a large degree any suggestion of patronage in connection with the awarding of munitions contracts.

Despite what he said a few moments ago I doubt very much if the leader of the opposition (Mr. Manion) would lend himself to the view that with the present state of world affairs and with the present urgency connected with the manufacture of armaments it would be feasible for this country to enter upon the manufacture of armaments in government factories exclusively. Mind you, when I speak of armaments I refer not merely to guns but to shells and aircraft. He knows perfectly well that just recently the British government let large contracts to private companies in Canada for the manufacture of aircraft. No one would believe for a moment that it would have been possible for those contracts to have come to this country if we had been entirely dependent upon government factories for the manufacture of our own aircraft.

These questions are questions of policy referred by Mr. Justice Davis to this parliament for consideration. They have rereceived some consideration during the course of this debate. They can be investigated further by the public accounts committee, and they can be discussed again when the report of that committe comes before this house. But I suggest that there has been nothing said either during the early course of this debate or to-day by the leader of the opposition which justifies the cancellation of the Bren gun contract, either on the basis of its having been tainted with fraud or corruption or on the basis of its not being a good contract in substance.

May I suggest this finally? From the outset this government has recognized the danger, not merely to the Department of National Defence but to our democratic institutions of government, of permitting suspicion to surround the administration of any of our great public departments. The suspicion caused by the article written by Colonel George Drew, if it had been allowed to continue without immediate inquiry, would have undermined the usefulness of the Department of National Defence. And believe me, what one might describe as the poisonous smoke fumes of rumour and suspicion have done more to impair democratic institutions in this country than any consuming flames of corruption or malfeasance in high places. We owe it to ourselves as a parliament and as a government to see that there is no cause for suspicion; that charges, when made in good faith, are given immediate investigation; and that if fraud or corruption should be found, it should be dealt with summarily and completely.

This government, I suggest, in the course of what has happened with respect to this inquiry, has given evidence of its good faith. We have done everything possible to facilitate investigation and remove suspicion, and I suggest that the tactics adopted by the opposition at least point to this, that they have been ready to delay further investigation and preserve suspicion. In the long run I have no doubt whatever as to the verdict of the country upon the propriety of the two alternative courses that have been followed, on the one hand by the government and on the other by the opposition.

Mr. MALCOLM McLEAN (Melfort): Mr. Speaker, the debate on the motion concerning the Bren gun contract has been before this house now for ten days, and during most of that time I have tried to listen carefully in order to understand, if possible, the motives behind the speeches and demands being made from various parts of this chamber. I am glad to have heard from the leader of the opposition (Mr. Manion) to-day the issues at stake, as he described it; but I am sorry that he read so quickly that it was impossible for me to take down what he called the real issue. I think, however, after all my listening during the past few days I have arrived at an understanding of the real issue as it is seen by the official opposition.

I am going to deal with that later on, but I am sure I have an understanding of the real issue as it is seen by my socialist friends, because the hon. member for Vancouver North (Mr. MacNeil) put it very clearly when he said that the real issue, in a nutshell, was whether munitions or guns should be supplied by privately owned or government-owned factories. That is quite clear and I want to deal with those two points. In doing so, I should like to go back to other statements made by hon. members on both wings of the opposition, in order to see what they thought about munitions, Bren guns and other matters two or three years ago. In the meantime I want to convey to the house my impression of the genesis of the row that has been before us for ten days and to give my opinions as they have been clarified by reading, thinking and much listening. I want to thank my good friend the hon. member for Vancouver-Burrard (Mr. McGeer) for the advice he gave the house the other day, that one can never listen himself into trouble, because I have been doing a great deal of listening.

I think it is well known and understood that the real cause of this discussion arose when an ambitious politician in the province of Ontario found it necessary to earn some kudos. A convention was to be held at which a permanent leader was to be chosen for his party. It was charged by many that the then leader of the party was too matter of fact and lacked colour. We all know that the leader of the provincial party at that time, who has sat in this house for many years, was a man whose word was reliable and who described conditions as he saw them. He was not a lawyer-writer or a pamphleteer; he was a farmer, in touch with realities and with the soil that kept him sane. But this aspirant to that post wanted to displace him, and to do so he had to stir up something sensational. There was not much use in talking against the government of Ontario, because it had been endorsed by the people of that province only recently, so the natural thing to do was to turn to the dominion government, then in office for three years, which in the natural course of events would within a year or two have to go to the country for re-election. But he did see in Ontario one example, after which he patterned his conduct. He saw the young, brilliant, aggressive, successful premier of that province, who had captured the imagination of the people of Ontario as probably no other leader had since confederation, so he thought he would follow that pattern as far as possible. But he forgot that the successful premier of Ontario, with all the audacity of his sensationalism and all his brilliancy, had one thing that was not possessed by this aspirant to public office. That was the ability to gather facts which he could present against a moribund government, and evidence that would stand up under any investigation which might be held. But this political writer got in touch with a magazine that has always been opposed, in a greater or lesser degree, to Liberal parties and Liberal policies, and sold this article containing these insinuations.

Mr. LENNARD: That shows their good sense.

Mr. McLEAN (Melfort): Well, possibly it does. I am not going to prejudge the contract at the present time. A little while ago the leader of the opposition said that hon. members on this side had not defended the contract. The issue is not the defence of the contract; the issue is and has been whether or not this contract should be referred to the public accounts committee for further study in regard to points with which the commissioner himself said he would not deal because they were matters for the goverment and parliament to consider.

Circumstances as well as time furthered the ambition of Mr. Drew. From 1920 until about 1933 the minds of people in Canada and elsewhere were filled with visions of collective security. The people of this country, together with the people of all the democracies, wanted to be sure that peace would reign in our time. Defence expenditures and preparations were reduced to a minimum. Until 1930 not much money was spent by the defence department of Canada, and from 1930 to 1935 still less. That suited most Canadians who were sincere lovers of peace, as we all are, who thought they could safely afford to trust to the goodwill of other nations and spend no money on our defence. So, at a time when social services were costing hundreds of millions of dollars, defence was being neglected; and because the Canadian people were not defence conscious and were in a state of apathy, little was said about the matter.

But what happened in 1935? A young and brilliant man was appointed Minister of National Defence (Mr. Mackenzie). He knew something of the realities of war. He knew it was not sufficient for the people of Canada to be peace-minded or to want to live at peace with their neighbours, in order to ensure peace. He knew that in common decency and in the exercise of common sense the government and parliament must do something, even if it were only to compel respect for Canada's neutrality, were such desirable.

In 1936 the Department of National Defence asked for and secured additional grants. We thought at one time and we have heard hon. members from the far corner say—from my socialist friend's corner, I would tell the hon. member of the social credit party who queries me; I would not confuse him with any others—that we have the British navy and the power of the United States to defend us. That situation has changed very greatly in the past three or four years. We have seen that Great Britain's naval power has sufficient to do to defend her own interests, without being handicapped by defending Canada. While we know the United States will do everything it is possible for one friendly country to do for another, in the event of aggression, yet there are some things Canada must do for herself, if she is going to retain her self-respect, and if she is going to help the United States, if we were allied with them in the event of any difficulty.

What other changes have come about? We have seen fleets of aircraft flying the Atlantic and Pacific oceans. Soviet fliers flew across the

north pole, en route from Moscow to California. Our boasted defence by three oceans, one on each side of us and one to the north, has been made less secure through inventions and developments of the past few years.

Canada has had to face a change. All right. Three years ago an increase was asked in the estimates for the Department of National Defence. A further increase was asked two years ago; there was one a year ago and this year another increase is requested from the people of Canada and we find this debate arising out of these facts. This is natural, because we have it on the best authority in the world that where expenditures of that kind are being made there will the critics seek to find trouble; for wherever the carcass is, there shall the vultures be gathered together.

In this department, which was beginning to rebuild outside mere routine organization, it was thought there might be the possibility of finding something out of place. No one thinks of looking for much trouble in the Post Office Department, because it has been operating for many years, handling the same matters on a large scale throughout the country. The routine is set and established. We had the case of the Department of National Defence following a new procedure when it began to take steps in connection with the purchase of aeroplanes, the appointing and training of the personnel for aircraft, the buying of artillery, machine guns and ammunition of different types. There is the possibility, despite the highest qualifications, of honest mistakes being made and of judgment, even when quite honest, not being very sound. That is where the public is more easily led to believe that there might be something wrong.

Not only in the article published in *Maclean's* magazine has suspicion of that kind been stirred up. Three years ago my hon. friends of the Cooperative Commonwealth Federation kept asking hon. members on this side of the house: "Against whom are you arming?"—indicating there was no need for arming. But the minister went on with his job. Shortly after he commenced we found opposition to his efforts—and of course the leader of the opposition of to-day is not responsible for that. But we heard his predecessor in the house uttering veiled charges, making insinuations, throwing around innuendoes, and using expressions which led some of my friends in the social credit party who had more recently come to parliament to rise in their places and ask when the charges made by the right hon. gentleman who then led the opposition would be dealt with.

As a matter of fact, he made no charges. He was too skilled a politician, lawyer and parliamentarian to make any charges concerning which he did not have evidence. But he misled hon. members into thinking that he had charges up his sleeve. Suspicion grew, because it found food to feed on in the minds of two classes of people, namely those who could not expect a Grit government or the Liberal party to do anything rightly, and those who are so constituted that they could see no good which could come from spending money on the national defence of Canada, believing that we should trust to collective action for our defence. Those two types of individuals have been glad to hear aspersions cast upon the personnel of the department and upon the principle of spending money for enlarged defence. The Prime Minister (Mr. Mackenzie King) took the right course—every hon. member agrees that he did—in appointing a royal commission, so that the whole matter might be sifted out.

One of the other circumstances in connection with the charge was that the Bren gun, the contract concerning which was to be investigated, was a new weapon. People in Canada did not know about it. For five years it had been under trial. It had been improved and modified after invention and before it was sold to the British authorities. It was adopted by Great Britain, and it was later decided that Canada should acquire 7,000 of those guns. I need not say more about that, because it is agreed by the commissioner, and those qualified to judge, that the Bren gun is going to fill the bill. Before I take my seat I shall have a few words to say about the attempt made by the hon. member for Vancouver North (Mr. MacNeil) to question the assurance of the British government and war office on the value of the Bren gun. I am not very much surprised, because it is part and parcel of this same kind of balderdash, as the leader of the opposition calls it, that is talked about defence in Canada. But I do say it is going too far to say that this government has been deceived by the British government, which is in a much better position to judge than we are, and I say an attempt should not be made to stir up suspicion in the minds of the Canadian people in that connection.

Major Hahn came to Ottawa and saw a sample of the gun. He thought it would be a good thing for himself, or for any other man, to secure the right to make that gun in Canada. I am quite sure he also thought, in view of the very high testimonial given to him by hon. members directly opposite, that it would be, as well, a patriotic thing to do. I know there are some people who sneer at

patriotism and who like Johnson describe it as the last refuge or the last resort of a scoundrel. But in Canada there are many patriotic industrialists, just as there are patriotic people in the primary industries. Major Hahn decided that he would equip himself with knowledge, and fit himself by investigation.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. McLEAN (Melfort): Mr. Speaker, before six o'clock I was pointing out how Major Hahn went to London and by means of an introduction to the war office secured permission to visit the Enfield factory and was there able to gather a certain amount of information. The leader of the opposition (Mr. Manion), just before he finished speaking, dealt with the necessity of having a pass for entering the Inglis plant at Toronto, but I think that is exactly in line with what happened to Major Hahn in England. He could not get into the Enfield plant without first securing an introduction to the war office, and if you or I, Mr. Speaker, were to seek to enter that plant we would rightfully be told to show our credentials before we could go through it. We in this country do take a little exception to a thing like that because we have not been accustomed to it, but anybody who knows what is going on in Europe must realize the necessity that exists there, and the increasing necessity there will be here, for these precautions. One point that is evident is that Major Hahn undoubtedly sold himself, as the phrase is, to the British authorities as a man who could be useful to them in securing a secondary supply of munitions in Canada.

In reply to the leader of the opposition, who said that it was months after the Canadian contract was signed before the British contract was signed, which is true, I would point out that according to the report:

> It was on November 9, 1937, that the war office had informed the department by cable that the British government was then "ready to negotiate" for the purchase of five thousand Bren guns to be manufactured by the John Inglis Company subject to some substantial reduction in cost.

That agreement was made and is now being carried out in the new part of a plant that had been arranged for by the new Inglis company long before there was any expectation that they would be manufacturing Bren guns.

I am going to deal very briefly with a few items in the report, some of which have already been discussed, and some of which have been emphasized, but others not.

On page 49 of the report we are told that there was a saving of something like $1,300,000 by the Canadian government going into a joint contract. It is true the contract is on a cost-plus basis, and that no one knows what it is going to cost us. No one in North America has ever yet made such a gun, and at the time of making the contract the British war office was not able to state its costs. The Enfield factory was just going into production. So no blame should be attached to the government at Ottawa for giving the contract on a cost-plus basis.

Second, the commissioner points out:

> The estimated profit to be made, according to evidence before the commission, will not exceed 7·76 per cent.

Many of my Conservative friends admit that this is not an unreasonble profit. The hon. member for Mount Royal (Mr. Walsh), speaking in the house the other night, said that it is a reasonable profit. He went on to say:

> It is a small profit considering the work they intend to do.

As a matter of fact, unless these guns are manufactured with the greatest possible care and in a most efficient manner the company is liable to find itself with very severe losses under the terms of the contract.

The commissioner, among other things, says in his report, and this is worth while emphasizing to the house:

> Everyone who it was thought might be able to throw light on the subject of the inquiry gave testimony voluntarily. It was not necessary to issue a single subpoena to enforce the attendance of any witness. Your commissioner is satisfied that all available documents in any way relevant and material to the subject matter of the inquiry were presented to the commission.
>
> The suitability of the said machine gun and the urgency of its purchase or production for the use of the defence forces of Canada was common ground with all parties represented before the commission.

I think it is extremely desirable that we should have that knowledge. Again he says:

> The facts are all in evidence; and as said by government counsel in opening their argument, "So far as the facts are concerned, there are very few which are even in dispute."
>
> I cannot myself recall at the moment any fact to which direct proof was adduced that is in dispute.

To quote again from the commissioner's report:

Mr. Elliott said that the chairman (the deputy minister of national defence) pointed out that "his department had followed the practice of the British government where competition is not always obtainable, and they unhesitatingly go into non-competitive contracts in order to secure their requirements. In this particular case the British government had picked the firm to manufacture its guns."

And apparently that fact was not in dispute.

I am going to pass over the remarks of the commissioner in dealing with the fourth and last meeting of the interdepartmental committee which prepared the contract and finished its work just before three o'clock in the morning of March 17, 1938. But from November 9, 1937, the British war office put pressure on the department here to get the contract signed and to get it under way.

A good deal has been heard about pressure being applied by the Department of National Defence of Canada on the war office, but that pressure was in regard to one thing only, as I read in the report. The war office authorities were queried time and again whether or not they were going to place orders for guns in Canada, not urging them to place orders in Canada, but asking them whether they intended to do so or not, following negotiations with respect to the matter at an earlier date.

I quote again from page 49 of the report:

On the question whether tenders should have been called for, government counsel argued that there was ample evidence on which it could be found that a specialty of this kind (i.e., the Bren gun), a new art in Canada, is not a subject for the calling of tenders from manufacturers; that it has to be dealt with on a cost-plus basis, at least in the initial stages.

Evidence was offered by government counsel to that effect, and the commissioner in his wisdom thought it was not necessary to receive it. He says at page 50:

The more I think of it, the more I can see the almost endless scope of such a line of evidence—one manufacturer saying one thing, and another manufacturer saying something else, one manufacturer actuated by one set of considerations and another manufacturer actuated by different considerations. Where am I going to stop? This may land me in a hopeless and endless controversy.

What is obvious, of course, is this: that if the government has an article to be manufactured for which by its very nature it is not practicable to call for tenders and the policy of private manufacture is to be adopted, then at once the heaviest sort of responsibility falls upon those charged with the duty of selecting the individual, firm or corporation to manufacture the article.

Again he says:

There is no evidence that any member of the Senate or of the House of Commons of Canada was admitted to any share or part of the contract, or to any benefits to arise therefrom.

The commissioner says that apart from the member for Trinity (Mr. Plaxton), and, of course, the Minister of National Defence:

There is no evidence that any member of the Senate or of the House of Commons of Canada had any connection with or took any part in the discussions or negotiations leading up to the contract.

There is no evidence that any senator or member had any connection with or took any part in the affairs of the company or in the sale of shares or securities of the company.

I think it right to say that there is no evidence (nor is there in the evidence any ground for suspicion) that the minister or the deputy minister or any officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption.

The commissioner also says on page 35:

No charge of misconduct, however, were formulated against any particular person.

When you read the insinuations contained in the original charge, and then read the judge's statement that no charges of misconduct were formulated against any particular person; that there is no evidence, nor is there in the evidence any ground for suspicion that any member of parliament or senator or officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption, it makes it still more amazing, Mr. Speaker, that there should be such a fuss cooked up over this matter.

Time is passing rapidly and I must leave out many of the items with which I was going to deal.

As I understood the speech of the leader of the opposition to-day, it was—I could not write it down as fast as he read it—that the contract was unfair because it had been given to Major Hahn and not given to somebody else; that it placed other industrialists at a disadvantage in not getting a share of the contract; furthermore that Major Hahn or his company might make a profit of a million dollars through the transaction in addition to the real profits, and it was unfair that this should be done. I can quite understand the indignation of someone waking up and finding that another has got ahead of him. There is an old proverb that it is the early bird that catches the worm.

Mr. HARRIS: The profit.

Mr. McLEAN (Melfort): The hon. member for Danforth I think will agree with me that any man who has shown himself to be the kind of man my Conservative friends say Major Hahn is, with the courage, faith, initiative, energy and those other qualities that make a go-getting salesman, the type of man who has helped build up industry in Canada and who, long before the task comes along, prepares himself for a task that may have to be done, is the type of man who is entitled to a reward when the opportunity offers. I say further that if we had more of that enterprise in Canada to-day that we had forty, fifty and a hundred years ago we should be the better off for it. I notice that my Conservative friends—and I do not want to quote the statements of many of them because it would take too long—were very moderate indeed in the last few days in dealing with these matters regarding Major Hahn.

In connection with the sale of stock I want to quote a few words of the attorney general of Ontario. In a speech made by him on January 31, he said:

> Shares representing more than 73 per cent of the authorized capital stock of the John Inglis Company, Toronto, are held in escrow in the Bank of Montreal and cannot be dealt with without consent of the Ontario securities commission, Attorney General Gordon Conant said to-day.
>
> "Obviously these 184,000 shares are an ample guarantee that the control of the company will never pass to any foreign interests," he said....
>
> Mr. Conant said Colonel George Drew, Ontario Conservative leader, was "very bold and extravagant" in his statements on his recent northern Ontario tour in connection with the Inglis company, holder of a federal contract for the manufacture of Bren machine guns.
>
> The Inglis company treasury received approximately $246,000 for 41,000 shares, said Mr. Conant. Only 4,000 of these shares were sold to the general public and none at more than $7.50 a share "which clearly indicates there has been no high pressure salesmanship."
>
> Mr. Conant said the Inglis company has 150 workers and expects to engage 600 by fall, "thus making a substantial contribution to the solution of our unemployment problem."

Our Conservative friends have complained about the transactions and have charged that the Inglis company is organized for no other purpose than to make guns and munitions. They also said that neither Hahn nor Inglis had made Bren guns before. But neither had anyone else in Canada or on the American continent. I have here an advertisement showing that the Inglis company—

> —are designers, engineers and manufacturers of machinery and equipment for mine, mill, power plant and factory.
>
> Our skilled staff of experienced technicians is at your service. We invite particulars of your requirements.

So that, after all, the making of Bren guns is going to be part of their business and not by any means all of it.

I must hurry on as quickly as I can in order to do what I promised at the beginning of my address—to discuss the real issue as given to this house by another group of members of parliament. I find that two years ago, when we were discussing a small increase of defence, the leader of the Cooperative Commonwealth Federation party (Mr. Woodsworth), opposing those armaments, said this:

> We are to repel attacks from without, we are told. I am sometimes accused of being an idealist, but to-night I should like for a few minutes to be very practical indeed. I would ask the minister and the house whether we expect any European country to attack us. Would Germany attack us? Would Italy attack us? I do not think for a moment that the great United States to the south of us, with its Monroe doctrine, would permit anything of the kind. You may say: Well, but you are simply depending upon another nation. I am not particularly concerned with what the implications of all that kind of thing may be, but I submit that if we are thinking about some foe from Europe we are putting up a hypothesis which has no basis in fact.

I shall now refer to a speech by the hon. member for Vancouver North (Mr. MacNeil), based on another article of the same George Drew, in *Maclean's* magazine, entitled "Our Bow-and-Arrow Army," wherein he spoke of the poor equipment of the Canadian militia, the hollow-chested youths; and how ill-fitting the uniform was, as if that was a matter of any importance. Then the hon. member quotes an article by Mr. Wayling under the heading, "We are too fat to fight." He was not referring to some of my hon. friends or myself.

Mr. HEAPS: Or to the leader of the group!

Mr. McLEAN (Melfort): Hon. members know the amazing basis of his story: that during the war we had no more than 300 units and they were all engaged in battle overseas or training to go over, while in peace time we had five or six to eight hundred units, and it was because we had so many units we were too fat and we were not getting our value out of them. Of course in peace time, with units scattered all over Canada in order to appeal to local patriotism and local convenience, we are bound to have a fairly large number of units, but that does not mean that we are handicapped. Mr. Wayling, however, provided part of the inspiration which the hon. member for Vancouver North had at that time.

Let me now quote what the leader of the Cooperative Commonwealth Federation said in 1936, as reported at page 3197 of *Hansard*:

We alone are not in position to hold off any and all comers. On the other hand . . . I think we are secure in our position on this continent . . . We are a great deal safer without an army than with an army . . . I oppose military expenditure.

Mr. HEAPS: What has that to do with the motion?

Mr. McLEAN (Melfort): I am leading up to the reason for the attack on the contract.

Mr. HEAPS: What has all this to do with the motion to refer the matter to the public accounts committee?

Mr. McLEAN (Melfort): A little later the hon. member for Rosetown-Biggar (Mr. Coldwell) stated:

I am in agreement with Mr. Woodsworth that Canada's best defence at the present time is its defencelessness . . . A country the size of Canada with its diverse peoples and small population is best defended if we rely on our weakness physically and our good will as a good world neighbour rather than attempt to ape the military powers of the European countries.

A little later on the hon. member for Weyburn (Mr. Douglas) said, in answer to someone on this side or a member of the opposition, that the people of Rosetown-Biggar knew their member to be a confirmed pacifist. That is quite all right; it is a proper attitude for him to take if he sees fit. But at the same time these extracts indicate that there was much objection to any increased expenditure for armaments. The leader of the Cooperative Commonwealth Federation party, on February 19, 1937, said:

That is the position we take. I do not need to reiterate. I think it is simple nonsense to be spending as much as we are.

Mr. Mackenzie King: If dangers increase, hon. members who support this amendment will say: Oh, we never opposed the amount of money that the government was proposing to spend for defence.

Mr. Woodsworth: You will see when we come to it.

And that, mark you, was at a time when Canada was spending $1.41 per capita for defence; Sweden, of which we hear so much, $4.95; Switzerland, which has not had a war for a century, $7.56; the United Kingdom, $14.14; and France, $16.79.

The hon. member for Weyburn said, as reported at page 1059 of *Hansard*, February 19, 1937:

It—

The amendment.

—states two things clearly, first that this group is opposed to increased expenditure for military purposes.

The hon. member for Macleod (Mr. Hansell), in taking his stand, namely the stand that he could not, at that time of crisis, oppose the estimates, drew from the hon. member for Weyburn the statement that it was only the increased estimates he was opposing, not the regular estimates. The hon. member for Macleod was not quite satisfied with the economic policies of the government, but he would not assume the responsibility of voting against that measure of increase.

On February 10 of this year the hon. member for Vancouver North said:

Nothing will do more to lower the morale of those who may be required to risk their lives in the defence of the country than the knowledge we now have that his department is in alliance with armament racketeers.

I went to the dictionary to find what a "racketeer" was, and I read as follows:

Racketeer. One who singly or in combination with others extorts money or advantages by threats of violence or of unlawful interference with business (variously defined in recent legislation in various states of the United States of America).

How, in view of the fact that the judge declared there was no evidence or suspicion of corruption in the evidence received before him, hon. members of this house can say these things, and many more I should like to quote if time permitted, passes my imagination! Every time we talk like that, it makes it more difficult to come to a proper understanding of what is really important. One of the worst speeches, from that standpoint, which has been made in this chamber for some time was that of the hon. member for Athabaska (Mr. Rowe). Speaking a little earlier in the session I said I regretted I could not compliment him upon having gone to a better place than he had been in, but I feared he had gone to a poorer one instead. My statement was verified by what happened, because he spoke as follows:

The Minister of National Defence expresses great confidence in the ability of the British government. At page 2389 of the evidence, in reply to a question from Mr. Hellmuth, the minister is reported as saying:

"I think too highly of the British to think that they would take anybody else's viewpoint but their own; they are pretty canny over there."

I agree with the minister, that they are indeed "canny"; for they are even more zealous than he appears to be in the interest of the armament manufacturers. May I tell the minister that over in Great Britain they go in for armament profiteering in a really big way.

Later on he quotes from a speech made by Gerald P. Nye in the United States senate in which that gentleman mentioned—

—that among the prominent shareholders of Vickers or allied concerns in 1932 were the

Right Hon. Neville Chamberlain, then Chancellor of the Exchequer, Sir Austen Chamberlain, M.P., winner of the Nobel peace prize in 1925, Sir John Simon, Secretary of State for Foreign Affairs and a long list of politicians, clergy, and members of the aristocracy.

May I say that the British people have not yet reached the stage where they will condemn anyone for trying to do his part to make it possible for the country to defend itself in time of danger. In reply to my Conservative friends' contention that Major Hahn or the John Inglis Company should not have been given the contract because they had never manufactured arms before, I would point out that in an earlier day in the history of Canada if the government had taken that view, the Canadian Pacific railway would not have been built. If they had said that there was an objection to the fact that an ex-Hudson Bay Company trader and a bank manager were organizing the company, Canada would have suffered in consequence. If no progress is to be made except by those who are already engaged in a particular line of endeavour, then the future of the country will never be assured. The progress that this dominion has made has been as a result of the enterprise of pioneers and those who were prepared to undertake ventures other than those with which they were already familiar.

Let me say this in conclusion. On a certain day in September last year, as I listened in Saskatoon to the voice of the tyrant of Berlin as he addressed his people, stirring up their feelings against the democracies of the world, I could not help reflecting upon what had taken place in this house for two years and the opposition that had been brought to bear upon the government because, as the hon. member for Vancouver North said, the real issue was whether this armament should be made in a private or a government-owned factory. When I thought of such a reason, not a matter of importance, even though it is opposed to Marxian socialist ideas; when I thought of all that opposition that was thrown up in the path of the minister because a slight increase in armaments was asked for; when I thought of the helpless position of the people in Czechoslovakia after the defection of Austria, I was thankful that I had put no hindrance in the way of the minister but had given him what help I could in the house. Czechoslovakia would not have been in the situation in which she finds herself to-day had the line between her and Austria been defended.

Mr. MacINNIS: Are we armed to take part in any European war?

[Mr. Malcolm McLean.]

Some hon. MEMBERS: Sit down.

Mr. McLEAN (Melfort): It is well for us—

Some hon. MEMBERS: Order. Time.

Mr. MacINNIS: May I ask the hon. member a question?

Mr. SPEAKER: The hon. member for Melfort (Mr. McLean) has exhausted his time.

Mr. MacINNIS: I should like to ask the hon. member if he thinks we are armed for a European war?

Mr. McLEAN (Melfort): It is well that we have not on our conscience—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Time.

Mr. McLEAN (Melfort): —any delay or obstruction in asking the Canadian people to prepare some defence for the country.

Mr. MACKENZIE (Vancouver): Mr. Speaker, I rise to a question of privilege. The leader of the opposition (Mr. Manion), speaking this afternoon in the course of the debate, used these words:

> But, sir, I do say this, it is no wonder that the Vancouver *Sun*, ordinarily an outstanding Liberal organ, spoke of the brawling in parliament, and of the vulgar personalities cast across the floor of the house by an hon. gentleman who comes from the city in which that paper is published. They added that there is still a strong suspicion of gross political patronage in the awarding of the contract, and they say that the contract was improperly awarded, and that abuse of this kind does not hide the facts.

I should like my hon. friend to produce the date and the text of that article in the Vancouver *Sun*.

Mr. MANION: I cannot produce it at the moment because it is in my room. As a matter of fact, I did not go beyond quoting it in a rough way because we are not allowed to quote in extenso from newspaper articles.

Mr. MACKENZIE (Vancouver): Does my hon. friend still aver that this article appeared in the Vancouver *Sun*?

Mr. MANION: I think it did. I certainly have the paper in my room.

Mr. MACKENZIE (Vancouver): I have the most reliable information from the editorial director of the Vancouver *Sun* that the article never appeared in that paper.

Mr. MANION: I assume I shall be permitted a little later to say a word in reply.

Mr. D. J. HARTIGAN (Cape Breton South): Before dealing with the question before the house I wish to refer to a few statements made by the leader of the opposition (Mr. Manion) this afternoon when he rose to give a resumé and a criticism of the various speeches that have been made on this side of the house. He took occasion at the same time to eulogize all the speeches which had been made on the other side, and in that way he sought to cast the blame for all the differences of opinion that have arisen, and for all that has happened in the house during the debate, on those members who have spoken on this side. First of all, he announced to the house this afternoon—anyone who was here and heard him will verify what I say—that he was speaking for the various groups on the other side. I have very few notes, and I am not going to go back over old *Hansards* and thresh again the straw that has already been threshed over and over again, because this debate has degenerated into a play of words; but the hon. gentleman said he was speaking for the various groups on that side. He did not tell us whether that was of his own volition or whether he was appointed to act as spokesman for them.

Mr. MANION: I have never said I was speaking for any group. I said I was speaking for my own party.

Mr. HARTIGAN: I beg the hon. gentleman's pardon. I think it can be verified by reference to *Hansard* that he said he was speaking for the other groups.

Mr. SPEAKER: The hon. member must take the word of the leader of the opposition.

Mr. HARTIGAN: It would not be the first time that statements were changed in the house, not only in speeches by members on this side of the house but in speeches by members on the other side.

Mr. Speaker, there is one serious matter with which I wish to deal before I proceed with my speech. The leader of the opposition this afternoon laboured the point and tried to create the impression that the disturbance, if you may call it so, or the talk that is going around, is about some bitter remark made on this side of the house by the Minister of National Defence (Mr. Mackenzie), and that the onus for that statement lies on this side. I take exception to that. The other night when the Minister of National Defence was speaking and the honoured name of Colonel J. L. Ralston was mentioned, the hon. member for Parkdale (Mr. Spence) sang out, "Another grafter." I ask you, Mr. Speaker; I ask any returned man in this house, whether there was a statement more calculated to upset the mental equilibrium of a returned soldier. Medically, we know that returned men are jealous of the good name of those who played their part in the world war, and I was amazed that the returned men in this house took so calmly the statement that came from the other side, "Another grafter." Who would be the others? They would be the Minister of National Defence, the leader of the opposition, I assume, the hon. member for Vancouver North (Mr. MacNeil) and every other returned man.

Mr. SPENCE: You are a bad guesser.

Mr. HARTIGAN: Is that the attitude of the hon. member for Parkdale? I am loath to believe that that represents the sentiments of the people of his constituency or of the province of Ontario. I certainly know this, that Colonel Ralston needs no word of mine to defend him. If you asked any returned man from Nova Scotia to the Pacific, whether the statement, "another grafter," is correct, I venture to say it would be answered by a vociferous and indignant "no" that would roll from the Atlantic to the Pacific. I have been in places in the section from which I come where if that statement were made at a meeting it would have been followed by immediate action, the meeting would have broken up in a riot. That is why I say the returned men in this house deserve to be congratulated upon the equanimity and coolheadedness they displayed when that statement was made.

I wish now to deal briefly with just a few salient points of the contract, looking at it as I think the Canadian taxpayer will look at it. The sentiment in Nova Scotia is that, in the first place, once this contract was signed, there should never have been a royal commission to investigate it. Their sentiment is that, having a Minister of National Defence of the type we have, and a Prime Minister (Mr. Mackenzie King) whose motives are of such a high character that everyone feels that nothing deceptive would be tolerated by him, why was there any necessity to appoint a royal commission? And why the necessity of sending the contract to the public accounts committee? On careful analysis I think it will be agreed that a great deal of harm may come from sending this matter to the public accounts committee.

Mr. MacINNIS: Quite likely.

Mr. HARTIGAN: The point I want to make concerning the contract is that the defence and the criticism, if you may call it either defence or criticism—because we have had as much defence as criticism coming from the opposite side—resolve themselves merely into a play on words; we get words, words, words all the time. For instance, during the hearing some lawyer, probably, to be impressive if not dramatic, took up the point of precision steel. We heard that term played on, it was grabbed with avidity by many hon. members and there was a play of words about precision steel. After all, precision steel is only a matter of calibration. Precision steel can be made at any plant in the country; we know that. The most ignorant person in the house, I suppose, if such there be, would know that. I am giving credit to hon. members of the opposition that they know it too, as well as we do. Then why this play of words over precision steel? Again they made much of the fact that the patentee of the Bren gun specified that it should not be made anywhere but in a government-owned factory. But they never told the people of this country what we find on page 27 of the report:

> . . . that while the deputy minister and Major Hahn were in England in June 1937 the deputy minister set in motion steps with the war office to obtain permission from the patentee in Czechoslovakia that would enable the Canadian government, if it should so desire, to place a contract with a private manufacturer.

They sought to give the people the impression that this gun could not be manufactured except in a government factory.

Mr. COLDWELL: May I ask who asked that permission?

Mr. HARTIGAN: Yes. It says that the deputy minister used his good offices; he and Major Hahn were in England at the time.

Mr. COLDWELL: That is the deputy minister of national defence?

Mr. HARTIGAN: Certainly, the deputy minister of national defence; who else should be more interested than he? We shall come back to that in a little while. To develop all the different angles of this contract and elucidate all the principles involved would take far more than forty minutes. One thing goes without saying, from the standpoint of the taxpayers of Canada—and after all it is the taxpayers of Canada who are concerned with this contract, not just a few industrialists, friends of some hon. members in this house; they are not the type of people who are so much concerned. I am speaking from the point of view of the general taxpayer. I am not going to take time to read the articles of reference, but I think everyone will concede that the terms of reference were sufficiently broad that all facts and factors entering into the negotiation and signing of this contract could be brought out, and I call attention to the fact that during all that hearing there was never any specific charge brought forth or proven by Colonel Drew, the writer of the article in *Maclean's* magazine, who is charged with being the instigator of the hearing.

That hearing took up a great deal of time and cost the people of this country a good deal of money, and for the past ten days we have been arguing and debating this question, yet the opposition have not been able to point to any instance of corruption or graft. Certainly we had statements hurled across the floor of the house, but they were absolutely without foundation, none of them being of sufficient importance to warrant sending this question to the public accounts committee. On the other hand the Prime Minister is so desirous that it shall be subjected to the utmost scrutiny that he prefers to send it there. I cannot see what results will come from sending it to the public accounts committee except possible harm to the national defences of Canada, because what I fear is that the public accounts committee will be made a hotbed from which will be disseminated unpatriotic thoughts, and words and deeds derogatory to the good name of Canada. Canada desires to have the co-operation of the British government in establishing here a secondary source of supply for munitions; yet at its very inception we have the insidious work of those who are against it. Need I tell the Canadian people or hon. members that we have, we must have and we are led to believe we have, in this house, hon. members who are not unanimous as to how this country should be run, how the national defence of this country should be conducted, and whether it should be conducted in the interest of the British empire or not.

We have heard statements made in this house with regard to the heavy pressure that is brought to bear on hon. members. Certainly a great deal of political pressure must have been required to bring about such a revulsion of feeling on the part of the hon. member for Nanaimo (Mr. Taylor) for example, that he had to withdraw from his party. If we recall the speech that hon. gentleman made in this house on February 3, 1938, I believe we should

view with alarm the proposal that this investigation should be continued before the public accounts committee. I assume there will be reports of the proceedings before that committee, and those reports will be sent all over the country. I think we should have some fear in regard to what may be brought out in the committee and the indiscreet manner in which they may be spread all over the country.

This afternoon the leader of the opposition (Mr. Manion) belaboured a point in connection with what he said was a peculiar provision of the contract, stipulating that the government, or some designated person, had to know who worked in the munition factory. If the hon. gentleman read the speech of the hon. member for Nanaimo last year he would realize why hedging clauses were necessary in regard to who went in and out of that place. And then the hon. gentleman must know that sabotage is rampant throughout England as well as here. It has happened on other occasions and it can happen again. But the hon. gentleman was more concerned with picturing in his microphotographic mind the possibility that this might be used for political purposes. Such is not the intention at all. The department must take some precautions.

I have already referred to page 27 of the report which deals with the possibility of placing a contract with a private manufacturer. Another point that strikes me is that on November 9, 1937, the cable announcing the British decision to manufacture in Canada designated the John Inglis Company. That cable was exhibit No. 182, and is referred to at page 47 of the Davis report. Then on February 9, 1938, Sir Harold Brown cabled General LaFleche as follows:

—draft of Bren contract with John Inglis Company now agreed in detail by war office.

There again the John Inglis Company was specified. When that cable came, the matter was still under discussion in Canada; the interdepartmental committee had been dealing with the contract from January 5 to March 17. On page 47 of the report I find this:

British government has approved negotiations as to second source supply of Bren guns in Canada—

That is an important statement.

—war office is now ready to negotiate for purchase of 5,000 Bren guns manufactured by John Inglis subject to some substantial reduction in cost.

There was some question in regard to cost, but they agreed to a second source of supply in Canada.

Mr. COLDWELL: Who sent that cable?

Mr. HARTIGAN: That was from the war office.

Mr. COLDWELL: No.

Mr. HARTIGAN: Yes. Read the report. I have almost finished dealing with this report, but there is one other section to which I should like to refer. It is wonderful to think how much has been drawn from this small book by various speakers in this house. They could open it at any place and make a speech on it. This is what the commissioner says, at page 50:

The more I think of it, the more I can see the almost endless scope of such a line of evidence—one manufacturer saying one thing, and another manufacturer saying something else, one manufacturer actuated by one set of considerations and another manufacturer actuated by different considerations. Where am I going to stop? This may land me in a hopeless and endless controversy.

The commissioner realized that he would get no unanimity of opinion at that inquiry. It was just like any court, where you never get both sides to agree. With Colonel Drew and his crowd on one side—

Mr. MACKENZIE (Vancouver): Drew did not want the manufacturers called; do not forget that. Drew was asked if he wanted them called and he said no. That is in the evidence.

Mr. HARTIGAN: There was no possibility of any unanimity of opinion even among those who were called, and no one saw that better than the commissioner who was investigating the whole question.

The main point of the whole report is the finding, which has been read a dozen times. I am going to quote only one or two words from it, in order to keep the record straight in regard to what I was saying about the concern of the taxpayers of this country. It is wonderful that there was a finding at all. How many commissions, among all those appointed during the past fifty or sixty years, have made findings as complete as we have in this report? If you go back over them you will see that there have been very few. The commissioner said:

The evidence relating to the activities of Mr. Hugh Plaxton prior to the making of the contract has already been set out or referred to in this report, and with that exception (and excepting of course the minister presiding over the Department of National Defence) there is no evidence that any member of the senate or of the House of Commons of Canada had any connection with or took any part in the discussions or negotiations leading up to the contract.

There is no evidence that any senator or member had any connection with or took any part in the affairs of the company or in the sale of shares or securities of the company.

I think it right to say that there is no evidence (nor is there in the evidence any ground for suspicion) that the minister or the deputy minister or any officer or official of the Department of National Defence was guilty of any act of corruption or anything in the nature of corruption.

That is all I have to say about that report. I think that covers the main points of what the people of Canada are thinking—with one exception, and that exception is this: What is the cost to the Canadian people? That would be a pertinent question for the taxpayers to ask. That is probably what most people have in their minds. They are not so much concerned with who will get the contract, whether it consists of a few hon. members on the other side of the house and their industrialist friends, or whether it is given to someone on the Pacific coast or on the Atlantic coast.

I, for one, come from the Atlantic coast, where we have great steel works. I am interested in seeing secondary supplies of munitions manufactured in Canada. As they are manufactured in greater quantities those men in Canada who are acquainted with the manufacturing processes will come in for their share of the steel work, and will supply their share of the steel used in manufacture of munitions. Everyone who has the interests of the steel workers of Canada at heart must realize that fact.

I think it was Mussolini who said that he did not fear the democracies because the democracies are dumb. I was wondering whether he was afflicted with the same picture disease which has been manifested so often, and whether in that mood he had visualized oppositions in this House of Commons, and did not fear them. I think one of the first questions which should be asked, the answer to which the people of Canada have a right, is this: On a comparative basis what did the Canadian government pay for Bren guns already in the country? That would be a pertinent question.

Mr. MACKENZIE (Vancouver): If my memory serves me correctly, it was about $1,000 or $1,200.

Mr HARTIGAN: I investigated that matter—

Mr. MACKENZIE (Vancouver): Each.

Mr. HARTIGAN: —in the minister's department, and I found out in that department that the cost of the first two guns was $1,500 each.

An hon. MEMBER: From the war office.

Mr. HARTIGAN: The next ten guns cost $1,100 each.

[Mr. Hartigan.]

Mr. MACKENZIE (Vancouver): That is correct.

Mr. HARTIGAN: Twenty-one guns arrived only a few days ago, and they will cost in the vicinity of $1,000 each.

Mr. MACKENZIE (Vancouver): That is correct.

Mr. HARTIGAN: Has the opposition asked for a comparative statement of prices? On the figures given by the hon. member for Parry Sound (Mr. Slaght) the other evening, one can find, through an arithmetical calculation, that the government might anticipate that the guns manufactured in Canada in conjunction with the British order would cost in the vicinity of $400 each. There is quite a difference there.

One hon. member opposite, from the Conservative benches, referred to the boots and shoes which were worn in the last war. One has a fair indication of the chaotic state of brain of hon. members opposite when they throw up anything which happened in the last war, at a time when they were directing the affairs of the nation. They should think of the shell game, and what happened in connection with that nefarious contract at the time of the last war. Worse than that, they should think of the deal made for the Ross rifle, which has left such a stench and has had such an effect on the olfactory sense of the Canadian people that the odour still remains.

Those are matters of which they should think when they throw taunts across the floor of the house, suggesting things of which we have been guilty, and making the suggestion that we are guilty of everything that has happened. The Liberal government, as stated by the responsible minister and by the Prime Minister, has taken a stand that it will not manufacture Bren guns down to a price, but rather that it will manufacture up to a standard. That is the meaning the general public can take out of the government's attitude. That is why the country will have confidence that the guns in process of manufacture will measure up to a standard. That will be done because, if for no other reason, by means of a complementary contract the British government has become a party.

There are those who take the view that because certain persons interested in the manufacture would not have a chance to tender or to bid on supplying a secondary supply of ammunition, we must perforce kill the contract at its inception. Even the hon. member for Mount Royal (Mr. Walsh)—and I give him credit for it—discussed the matter a few days ago and agreed there should be private contract. I agreed with him. The hon.

member always makes an interesting and scholarly speech. That man who said in all fairness, "Yes, it should be let to private firms," was exercising good judgment.

Here we have some advocating private tender and others advocating government manufacture of munitions. Do they think we have reached a modern utopia in Canada, remembering the experience in the past in connection with great utilities, whereby under governmental operation we could operate at a price less than 7·7 per cent over cost? I do not think there is an hon. member opposite who, speaking fairly and honestly, will claim that with government operation, considering all that would have to be done in the re-establishment of new plants, the cost of those guns could be kept down. As was insinuated this afternoon by the leader of the opposition, maybe someone would tender for 5·2 per cent over cost. That would be bringing it down to a price.

I think there is not a Canadian who will deny that 7·7 per cent over cost is a reasonable and logical allowance for profit, when profits are limited as to amount. When the opposition began its criticism of the Bren gun contract I think the imaginative faculty of the leader of the opposition was running away with him, and he visualized the Bren gun contract as something leading him into the Elysian fields, and probably on to the treasury benches. I say to the leader of the opposition in all fairness, and as kindly as possible, that he should view the matter from a different angle; that he should reorientate himself and visualize the Bren gun contract going to a committee of the house, not as something which would lead him to the treasury benches. He should visualize it as a two-edged sword, a broken reed or a perfect boomerang. Those are the ways I would advise him to visualize it. I say that to him for this, if for no other reason, that not a Liberal on this side of the house need be ashamed—

An hon. MEMBER: I believe that.

Mr. HARTIGAN: Well, we cannot very well depend upon the hon. member's belief, because it runs to pictures. There is not a Liberal member on this side of the house but can and will on the platform in any part of the country, east, west, north or south, defend the Bren gun contract. They will defend it in the interests of the Canadian taxpayer, if for no other reason than that it is predicated upon the fact that the British war office has taken part in it. Surely hon. members do not mean to say that those people can be turned around by a minister from one of the colonies or from any of the departments in any of the component parts of the British commonwealth of nations. I do not think the imaginations of hon. members would run that far.

But I do say that if we predicate the value of the contract, as every red-blooded Canadian will, upon the fact that it has stood the test of the British war office, surely there must be some virtue in it. We are far away from the days when the Conservative party had other leaders. I cannot visualize the Right Hon. R. B. Bennett, for example, rising in his place here and saying that he would link forces with the subversive group in this house to take action against the British government.

Mr. COLDWELL: Mr. Speaker, I rise to a point of order. I want to know what the hon. gentleman means when he says that the Conservatives are linking up with a subversive group in this house.

Mr. HARTIGAN: This afternoon—

Mr. SPEAKER: Order. I would ask the hon. member to withdraw the words, "subversive group."

Mr. HARTIGAN: Yes, Mr. Speaker, I will withdraw them on the demand of the chair. But I say that so long as that speech of the hon. member for Nanaimo (Mr. Taylor) of February 3, 1938, remains and is available on the pages of *Hansard*, we are entitled to believe that there are subversive influences in this house.

Some hon. MEMBERS: Order.

Mr. HARTIGAN: I did not say where.

Mr. COLDWELL: On a question of privilege, Mr. Speaker, as a member of this house—and it is a question affecting the privileges of this parliament; the hon. member says that there are subversive influences in this house. I submit that that statement is unparliamentary and should be withdrawn.

Mr. McLEAN (Melfort): On the point of order, Mr. Speaker, I suggest that perhaps the hon. member for Cape Breton South (Mr. Hartigan) was referring to racketeers with whom we were told this government was in alliance.

Mr. SPEAKER: I would ask the hon. member for Cape Breton South to resume his seat please. I do not think the hon. member should use the expression "subversive" as applied to any group or any member of this house.

Some hon. MEMBERS: Withdraw.

Mr. HARTIGAN: I have already said that I withdraw it.

Mr. SPEAKER: The expression "subversive" as applied to members of the house or to any group in the house should not be used by any member.

Mr. HARTIGAN: All right, Mr. Speaker, I have already withdrawn it.
I was going on to say—

Mr. SPEAKER: Order. The hon. member has exhausted his time to speak.

Mr. MANION: Mr. Speaker, the hon. Minister of National Defence (Mr. Mackenzie) drew to my attention a few moments ago a telegram which I understood him to say intimated that the quotations I gave this afternoon were not from the Vancouver *Sun*. Is that right?

Mr. MACKENZIE (Vancouver): Yes.

Mr. MANION: I have the clippings here, and while there is no name on them I thought they were from the Vancouver *Sun* because I was informed by a note from a friend of mine that they were. On the side is written, "Not bad from a Grit paper." I will tell the house what I quoted. I said the heading of the article was, "Brawling in Parliament," and I quoted a word or two saying that there were vulgar personalities used by the minister, and gross political patronage. That is my complete recollection of what I quoted.

Mr. MACKENZIE (Vancouver): Does my hon. friend still say that that is from the Vancouver *Sun?*

Mr. MANION: The minister says that he has received a telegram from the editor of the Vancouver *Sun* saying that these quotations are not from that newspaper. I cannot contradict that, and I accept the minister's word without question. The only thing I can do, after having cited the quotations—and there is a good deal worse in the clippings than I have mentioned,—is to adopt them as my own, and so I adopt them as my own.

Mr. MACKENZIE (Vancouver): I rise to a point of order, Mr. Speaker, affecting the privileges of this house. Any hon. member referring to any quotation in this house is required by the rules of parliament to produce to the house proof of the authenticity of his quotations, and I ask my hon. friend now to produce to this house evidence of the authenticity of the statements which he quoted in the debate this afternoon.

Mr. MANION: I have produced the clippings. I have them here, and the minister can look at them. These editorials were sent to me and it was stated to me that they were from the Vancouver *Sun*. I accept the statement in the minister's telegram from the editor of the Vancouver *Sun* that they are not from his paper.

Mr. MACKENZIE (Vancouver): Where are they from?

Mr. MANION: They are from Vancouver, I understand. I have already stated that I quoted them in good faith as supposedly coming from the Vancouver *Sun*. The minister says that he has received a telegram from the Vancouver *Sun* denying that they are from that paper, and I accept that. And to exonerate all the newspapers I accept responsibility myself for all these statements. I do not know what more I could do.

Mr. MACKENZIE (Vancouver): I accept immediately my hon. friend's statement that he quoted the editorials in good faith, but on a point of order I submit that under the rules of this house when an hon. member purports to read editorial comment from any journal he should immediately submit proof of its authenticity to the house or have the quotations expunged from the records of *Hansard*.

Mr. MANION: I did not read anything from the papers. I quoted the headlines verbatim. I did not read statements from the press at all.

Mr. MACKENZIE (Vancouver): On the point of order, Mr. Speaker, the record of *Hansard*, while not yet official, shows that my hon. friend said that he quoted this comment as from the Vancouver *Sun*, and I submit that it should be expunged from *Hansard* because the quotation was improperly and inaccurately made to this house. I ask for your ruling, sir.

Mr. SPEAKER: Does the hon. leader of the opposition state where the quotations were taken from?

Mr. MANION: I have said they come from a friend of mine. I do not choose to give his name. I have them here in my hand now, and I quoted them correctly.

Mr. SPEAKER: What paper are they from?

Mr. MANION: I do not know. I have them here and the minister can read them. I adopted the statements as my own.

Mr. MACKENZIE (Vancouver): That is enough. Let it go.

The house divided on the amendment (Mr. Stevens) which was negatived on the following division:

YEAS

Messrs:

Anderson
Baker
Barber
Black, (Mrs.) (Yukon)
Brooks
Casselman
Church
Esling
Graydon
Harris
Homuth
Hyndman
Lennard
Lockhart
McGregor
MacNicol
Manion
Perley
Ross (St. Paul's)
Senn
Spence
Stewart
Thompson
Tustin
Wermenlinger
White—26.

NAYS

Messrs:

Ahearn
Beaubien
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blackmore
Blair
Blanchette
Bothwell
Bouchard
Boulanger
Bradette
Brunelle
Cardin
Cleaver
Cochrane
Coldwell
Coté
Crerar
Damude
Davidson
Deachman
Denis
Deslauriers
Donnelly
Douglas (Queens)
Douglas (Weyburn)
Dubuc
Dupuis
Dussault
Elliott (Kindersley)
Euler
Evans
Fafard
Fair
Farquhar
Ferguson
Ferland
Ferron
Fiset (Sir Eugène)
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Francœur
Furniss
Gardiner
Gariépy
Gladstone
Glen
Golding
Grant
Hamilton
Hansell
Hanson
Hartigan
Hayhurst
Heaps
Howden
Hurtubise
Ilsley
Isnor
Jaques
Jean
Johnston (Bow River)
Johnston (Lake Centre)
Kennedy
King, Mackenzie
Kirk
Kuhl
Landeryou
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Leader
Leduc
McAvity
McCallum
McCann
McCulloch
McDonald (Pontiac)
McDonald (Souris)
McGeer
MacInnis
McIntosh
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
MacLennan
MacMillan
MacNeil
McNevin (Victoria, Ont.)
McNiven (Regina City)
Macphail, (Miss)
McPhee
Mallette
Marshall
Matthews
Maybank
Mayhew
Michaud
Mills
Mulock
Mutch
Needham
Neill
O'Neill
Parent (Terrebonne)
Patterson
Pelletier
Pinard
Poole
Pottier
Pouliot
Power
Purdy
Quelch
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (Middlesex East)
Ross (Moose Jaw)
Rowe (Athabaska)
St-Père
Sanderson
Sylvestre
Telford
Thorson
Tomlinson
Tremblay
Turgeon
Turner
Veniot
Ward
Warren
Weir
Winkler
Wood
Woodsworth
Young—149.

PAIRS

Messrs:

(The list of pairs is furnished by the chief whips.)

Dunning — Stevens
Howe — Stirling
Elliott (Middlesex West) — Massey
Gray — Lawson
Fraser — Héon
Macdonald (Brantford City) — Walsh
Tucker — Marsh
Slaght — Brown
Taylor (Norfolk) — Green
Howard — Clarke (Rosedale)
Lacroix (Beauce) — Rowe (Dufferin-Simcoe)

Mr. SPEAKER: The question is on the main motion.

Hon. C. H. CAHAN (St. Lawrence-St. George): This motion is for the reference to the public accounts committee of the agreement between the government and the new John Inglis Company for the manufacture of Bren guns.

Upon due consideration of the relevant facts, it seems to me that no public interest is likely to be served by such a reference, and indeed such a reference in my opinion will only serve to obscure the real issue which is now before the government and the house.

The public accounts committee is a standing committee of this house, and all relevant expenditures may be fully investigated by that committee without such reference being

made. But, as I shall attempt to show, the real issue is not an issue that can be considered by the standing committee on public accounts. Moreover, such a reference will preclude discussion in this chamber of far more serious issues which arise out of the report of Mr. Justice Davis, the commissioner, who was appointed to inquire fully "into all matters relating to" the Bren gun contract and the steps taken to protect the public interest, and to report upon the same.

The commissioner has reported that all available documents in any way relevant and material to the subject matter of the inquiry were presented to the commission, and he has reported several thousand pages of oral evidence and of argument of counsel. I have already reviewed in an earlier debate the precautions taken by the Prime Minister (Mr. Mackenzie King) to safeguard the public interest; his appointment of a special committee of which his own deputy, Doctor Skelton, was chairman, and the report of that committee that the problem appeared essentially to be one of administration; that is whether under the present Minister of National Defence (Mr. Mackenzie) an adequate and competent administration was being or was likely to be obtained. The report of that special committee was undoubtedly made known by the Prime Minister to his colleagues in council and more or less thoroughly discussed. Thereupon the government, sitting in council, by order in council P.C. 439 appointed an interdepartmental committee to formulate and advise upon the principles and safeguards, whether general or specific, which should be observed to protect the public interest, and to communicate the same to the Department of National Defence and to any other department concerned. Thus far the Prime Minister and his colleagues appear to have taken reasonable precautions.

The commissioner indicates very fully in his report that that committee earnestly desired to secure competitive bids, and made persistent demands to that effect. The commissioner reports, on page 41, that:

> The Minister of National Defence did say that he was informed in a general way, not in great detail, of the progress of the discussions in the committee by the deputy minister . . .

It would reasonably have been expected that the Minister of National Defence would have informed himself from day to day of the proceedings of that interdepartmental committee, before which his methods of administration were clearly on trial. But he gave no concern to its proceedings although he had himself sufficient information to put him upon inquiry. He appears to have been utterly indifferent. The commissioner also reports, at page 42, that:

> The minister says he never went over the proposals of Major Hahn in detail.

The minister also states, as reported at page 8 of the commissioner's report, that he never attempted in any method or in any way to comply with the demand of the interdepartmental committee for competitive bids from other well known companies, with skilled labour and skilled mechanics, who had been working in precision steel. He merely answers, without making any personal inquiry whatever, "I do not think it was practical." Again he declared, in answer to a question:

> Q. There was never the slightest effort, was there, to interest or invite any of those firms to tender or to make any offer to manufacture the Bren gun?
> A. No, I do not think there was.

At page 41 the commissioner reports that:

> There is not a suggestion that the members of the government ever heard of these difficulties which confronted the committee or of the attitude that was taken by members of it to the proposed contract.

That is, the commissioner expressly states that there is not a suggestion in any of the evidence adduced that the other members of the government ever heard of the difficulties before the interdepartmental committee and the demands of that committee with respect to the placing of these contracts. Certainly in view of all the circumstances leading to the appointment of that committee it was the bounden duty of the Minister of National Defence not only to keep himself fully informed but to have kept the Prime Minister and his colleagues fully informed of the views of that committee. But that duty he entirely ignored, and all the precautions and salutary safeguards taken by the Prime Minister were completely disregarded by the Minister of National Defence, apparently without the knowledge of the Prime Minister or of his colleagues. It is this defiant dereliction of duty on the part of the Minister of National Defence that Mr. Justice Davis sought to bring clearly before the government and before parliament in the report which he has submitted. Therefore the commissioner reports, page 35:

> The facts are all in evidence . . .
> So far as the facts are concerned, there are very few which are even in dispute.
> . . . It will be for those charged with the responsibility of dealing with the facts, i.e. the government and parliament, to examine and study them and to take such action, if any, thereon as they may see fit.

That I conceive to be the primary duty which confronts the Prime Minister and the members of his government.

Again at page 49 the commissioner reports:

. . . I am unable to pass upon the substance as distinct from the form of the contract . . . but what is more important after all is whether the procedure adopted in making the contract was that best calculated to protect the public interest and to secure the confidence of the people of Canada that there would be no improper profiteering in the private manufacture of war armaments for the defence of the country.

That is a question upon which the government and parliament, in the light of the evidence brought before the commission, must pass.

So says the commissioner selected by the government and appointed for the purpose of making this inquiry and report. In fact the Prime Minister had previously declared in the House of Commons on April 2, 1937, as reported in *Hansard,* page 2697, that:

At the present time, in a time of peace, the government is proceeding on the theory of permitting competition with reasonable remuneration, the work to be subject to inspection and audit.

That declaration of government policy is in accord with the report of the special committee appointed by the Prime Minister to consider these matters, that "The problem appears to be essentially an administrative one." The interdepartmental committee were therefore fully in accord with the policy announced by the Prime Minister. That policy the Minister of National Defence deliberately disregarded, without ever consulting the Prime Minister and his colleagues in the government. Such action on the part of the Minister of National Defence calls for summary action on the part of the Prime Minister, who should call for the minister's resignation forthwith, or else the Prime Minister, by condoning the minister's conduct, must assume full responsibility before parliament and before the electors of this country.

Mr. Justice Davis on page 50 of his report says:

Your commissioner took the position that—It is at least a plausible view that the question whether tenders should be called for in such a case is a matter of administrative policy, upon which competent opinion is, or may well be, divided, and one therefore peculiarly for the government and parliament.

That was a matter of public policy, therefore, respecting which the Prime Minister, I believe in good faith, had already made the solemn declaration to parliament which I have already quoted, and in the carrying out of which he would have certainly had my full support and, I am confident, the support of an overwhelming majority in parliament. But at page 50 the commissioner adds that if—

—the policy of private manufacture is to be adopted, then at once the heaviest sort of responsibility falls upon those charged with the duty of selecting the individual, firm or corporation to manufacture the article. The question is: Were proper and sufficient steps taken in this case to discharge that responsibility? Upon the whole evidence, that is a question for the government and parliament to pass upon.

And in summarizing his views the commissioner continues:

What is plain to me at the end of this long inquiry is this: that if the policy of private manufacture of war munitions and armaments is to be continued in this country (a question of administrative policy for the department and parliament to determine), once the requirements are determined by the Department of National Defence the negotiations leading up to and the making of contracts between the government and private manufacturers either for the purchase or production of such munitions or armaments should be put into the hands of an expert advisory group of competent business men—

Then he adds:

These persons should constitute a board (which might be known as the defence purchasing board) and be made directly accountable to the Prime Minister or to the Minister of Finance.

And the commissioner proceeds:

It is no reflection upon the technical skill and knowledge of the military officers and officials of the Department of National Defence to say this for it is a matter requiring quite a different training and knowledge and quite a different experience from military training and experience.

The appointment of such a board is a matter to be discussed at the proper time. A resolution is already on the order paper with respect to a bill to be introduced, and upon that resolution or upon the bill no doubt ample opportunity will be afforded to discuss this matter. I may say, however, that the appointment of every such board is, in some measure, a blow at responsible, respresentative government and a step in the direction of the adoption of fascist administration and government in this country. But it is clear that the commissioner, having heard and reflected upon all the evidence which was adduced by counsel, has definitely concluded that the present Minister of National Defence is not only incapable but is disqualified from administering his department even with the assistance of such a board. Therefore the minister advises that such a board, if appointed, should report to the Prime Minister or to the Minister of Finance.

I urgently protest against the adoption of any such makeshift policy as that suggested. The Prime Minister's duties, as we all know, are not only numerous but very onerous indeed. The Minister of Finance is already overburdened. The real remedy is for the Prime Minister to ask the Minister of National Defence to resign forthwith and to appoint in his stead a minister who is competent to administer the affairs of that department. As I have already stated, the Minister of National Defence has proved inattentive and neglectful of his primary duties, and, on the whole, has shown himself incompetent for the efficient administration of the most important work of his ministerial office. The next step is to fill the vacancy by the appointment of a new minister who will not persistently defy the Prime Minister of the country and his colleagues in the government, but who, in consultation with them, will carry into effect the policies which they have fully considered, adopted and confirmed.

That, it seems to me, is the primary issue which the commissioner, Mr. Justice Davis, has presented to the government, in the first place, and then, if the government fails of action, to the parliament of this country. The Prime Minister will not satisfy public opinion, and I cannot believe that he will full satisfy his colleagues, until he has effectively dealt with a recalcitrant, defiant and incompetent minister. If that minister is really sincere in the professions and protestations which he made to this house on Thursday evening last; if he really, sincerely desires, despite his manifest ineptitude and inefficiency, that proper measures may now be taken, quoting his own words—

—to provide such measures of national defence and security as will preserve the welfare and well being of our Canadian people—

—then he should forthwith place his resignation in the hands of the Prime Minister. Possibly now a less onerous post may be found for him by the Prime Minister. I certainly do not wish him any ill personally.

Some hon. MEMBERS: Oh, oh.

Mr. CAHAN: Well, laugh. I have seen something of life; I have had under my administration many thousands of men. I have found in the best of them frailties and I have found in the worst of them many good qualities. I do not say that the present Minister of National Defence may not have some subordinate place in the administration of the affairs of this country, but he certainly has not lived up to the duties and responsibilities of his present office. If he is retained in that office it will undoubtedly result in this, that the people of Canada will no longer have confidence in the administration of the Department of National Defence.

The Prime Minister and his colleagues, having access to more definite and more reliable information than is available to other members of this house, have declared during recent years that for the adequate defence of Canada large expenditures upon armaments are necessary. We have voted the moneys so far requested. We are now about to be asked for additional appropriations, to a very large amount. In the existing conditions of increasing national debt and ever-increasing and now almost intolerable burden of taxation, these additional expenditures upon armaments and munitions are only justified by the prospective imminence of war and by the necessity of our unanimous action in making adequate preparations for the defence and security of Canada. No unity in Canada is possible, and no adequate preparations can be made, unless the government as a whole and the Department of National Defence in particular have the complete confidence of the people of our country.

Any confidence that did formerly exist has been dissipated by the report of Mr. Justice Davis, the commissioner selected by the government, by his impeachment of the conduct of the minister as disclosed in that report, and, further, I may say, by the minister's vituperative address of Thursday evening last, portions of which have been deemed unfit for publication in *Hansard* of the Commons.

The people of Canada will not be united in making adequate preparations for defence, much less in entering upon a war of defence, while the administration of the Department of Defence is in charge of the present minister. The issue which Mr. Justice Davis has presented is now clear, and the responsibility of dealing with that issue is placed, under our constitutional form of government, primarily upon the Prime Minister. Our people are looking to him, and many are fervently praying that he may now have courage adequate to his responsibility. If he fails to measure up to his responsibilities, then it is that the parliament and people of Canada should take action, as recommended by Mr. Justice Davis.

Mr. G. G. McGEER (Vancouver-Burrard): Mr. Speaker, the course of this debate has taken a rather strange line of procedure, finally to culminate in this extraordinary appeal to parliament to judge the outcome of proceedings which are to be referred or are now being referred to be dealt with by the public accounts committee. Granted everything that

has been said on the other side of the house, what possible basis can there be for this judgment before the committee's findings are made to parliament?

I want to draw the attention of hon. members to some of the dangers of responding too readily to that type of partisan appeal. On many occasions we have heard references to the report. To-night special reference was made to the report at page 42. I should like to quote the finding of the commissioner with regard to the minister's attitude. That finding is taken from page 2334 of the evidence, and is as follows:

The minister said he never went over the proposals of Major Hahn in detail.

"I had infinite confidence in my technical advisers and also in the final jurisdiction and supervision of the interdepartmental committee which I was largely instrumental in creating myself."

Let me say that this is the conduct of the minister which is being condemned to-night, and the attitude upon which the hon. member for St. Lawrence-St. George (Mr. Cahan) asks the Prime Minister (Mr. Mackenzie King) to dismiss the Minister of National Defence (Mr. Mackenzie).

Let me put this to hon. members: Here is a highly technical proposal. It is not a matter upon which the minister is supposed to be able to form opinions. The question was: Could a patented gun of a highly technical nature be more advantageously produced by the selection of a contractor and the cooperation of the government with that contractor, than by the old system of public tender? Here was the one exception to the general line of contractual relationships that even the Department of National Defence might enter into which required, not the dictatorial assertion of the authority of the minister, but the untrammeled action of the technical officers of the department, along with the supervision of the interdepartmental committee which was there, not to be told by the minister what to do, but to say whether or not what the technical officers were doing was worthy of their support.

There are some other statements which have been made which are just as far away from reason as this extraordinary demand. Let me put this to hon. members: Supposing the minister had gone in and had dictated the policy of the interdepartmental committee; supposing he had dictated upon technical matters the policy of technical officers—that, I submit, would have been political interference that this whole procedure of interdepartmental committee and technical officer advice was designed to avoid. It was the kind of conduct which, had it been perpetrated by the minister, would have warranted the very action for which my hon. friends are now asking.

I wish to place before the house some facts which I think are pertinent to this particular issue. The first of these are contained in the letter dated October 29, 1936, of the Minister of National Defence to the Prime Minister, which states:

My dear Prime Minister:

May I suggest that at your earliest convenience we have a short meeting of the defence committee. One of the questions I should like a decision on is in regard to the following: What should our policy be with reference to the supply of munitions or small arms. The chief of the general staff believes that Canada should be self-sustaining, and that we should proceed with the work at Valcartier. The completion of the ammunition building there will entail an additional $5,500,000. Some members take the view that this money could be better spent in cooperation with private firms. The chief of the general staff believes that our policy should be to have a government factory both in regard to munitions and also in regard to small arms, but to cooperate with industry as far as possible.

It will take from two and a half to three years to complete the ammunition building at Valcartier. In the meantime, of course, the government could give orders to private firms on the definite understanding that in case of any emergency arising these firms would be taken over and controlled by the government during the time of the emergency.

That letter clearly placed before the government the disagreement in the Department of National Defence as to public ownership of arsenals, as to the practical possibility of public ownership with the funds which were available, and the views of those who wanted to use the available funds to get the best possible results. It was then, I understand, that the Skelton committee came into being. That committee recommended against the development of public ownership of arsenals in Canada.

But there is a document exhibit No. 46, before the commissioner, under date of March 5, 1937, in which the Minister of National Defence secures a policy which is incorporated in an order in council of that date which I should like to read into the record:

Certified to be a true copy. The committee of the privy council have had before them a report, dated March 2, 1937, from the Minister of National Defence stating that an interdepartmental committee formed under the instructions of the right hon. the Prime Minister to consider certain questions pertaining to the control of profits on government armament contracts, has in its report suggested that there be instituted a standing interdepartmental financial committee to assist the officials charged with the placing of contracts under the defence program, and that such a committee "might

study and classify the requirements of the defence program from the financial point of view, and formulate or advise upon the financial principles or safeguards to be observed in placing contracts of various types, and as to rules of procedure."

That it was also suggested that this committee "might be available for consultation upon the financial aspects of any unusual specific cases or conditions arising from time to time, and that it would be limited to this function of assisting in the prevention of undue profits, that is to say it would not be concerned with other aspects of the defence program."

The minister—

That is the Minister of National Defence:

—is of the opinion that a committee whose functions and duties would be generally as set out in the suggestion aforesaid would be in the public interest, and therefore, recommends:

1. That there be formed a committee to be known as the interdepartmental committee on the control of profits on government armament contracts, said committee to consist of one representative from the Departments of Trade and Commerce, Labour, National Revenue (income tax), Finance, and the deputy minister of national defence and one official or officer of the Department of National Defence, with the deputy minister of national defence as chairman of said committee.

2. That the duties of this committee shall be generally to study and classify from the financial point of view the various requirements which the government's defence program involves, and when it is considered by the department concerned that effective competitive tendering cannot be secured in regard to any of its requirements, to formulate or advise upon such principles and safeguards, whether of a general or specific nature, which in this connection the committee considers should be observed, and to communicate to all departments concerned such information in this respect as the committee considers should be in their possession.

3. That such departments of the government as have occasion to make purchases of armament and/or mobilization stores, and/or to arrange for services directly or indirectly connected therewith, be directed to refer to said committee all questions relating to scales of prices, quotations, and similar financial matters whenever it appears or seems to appear that prices quoted for any articles, stores, etc., which are sought to be purchased are not obviously fair and reasonable.

4. That the committee shall be authorized to obtain from any department of the government such information regarding the matters coming within the scope of its duties and functions as it deems necessary, and that it shall have power to call before it any officer, official or employee of the government of Canada or of the naval, military or air forces of Canada, for the purpose of obtaining advice or information with respect to any of the matters wherewith the committee is empowered to deal.

What I want to point out is this, that the members of that committee had unlimited powers under the order in council. Now I come to the men who formed that committee. They are:

National Defence: Lieutenant Colonel L. R. LaFleche, deputy minister; Mr. Charles Burns, assistant deputy minister, with wartime experience as director of contracts.

Finance: Doctor W. C. Clark, deputy minister, with Doctor A. K. Eaton as an alternate, in the event of Doctor Clark's absence. Doctor Eaton is one of the senior officials of the finance department and is known as taxation investigator.

National Revenue: Mr. Fraser Elliott, K.C., commissioner of income tax, in addition, Mr. Ronald Sharp, chief inspector of income tax, assisted Mr. Elliott and served on a subcommittee which examined certain contracts, including the Bren gun contract.

Trade and Commerce: Mr. H. Marshall, in charge of internal trade statistics.

Labour: Mr. C. W. Bolton, chief statistician.

There is the strongest possible non-partisan official committee appointed to guard against and prevent in every way abuses from any profiteering or from any untoward action on the part of the Department of National Defence or any other department. The committee's powers were unlimited. It has been said time and time again in this house that this committee never reported to the government.

An hon. MEMBER: Hear, hear.

Mr. McGEER: My hon. friend says, "hear, hear." I think it is unfortunate that there should have been so many members speaking from the other side of the house who are clearly not conversant with the important facts about which they were speaking.

Mr. MANION: I am sorry to interrupt the hon. member, and I am not doing it except for the reason of setting the record right. At page 41 of his report the commissioner states:

The system broke down when the committee failed to report back to the body that had created it.

Mr. MACKENZIE (Vancouver): Will the hon. leader of the opposition please read from the evidence.

Mr. MANION: I have no objection, but I have not the evidence before me.

Mr. McGEER: There are some things that are not open to argument; there are other things that it is not necessary to argue. What I want to put before the house and read into the record are the reports that were made to the minister and to the government from the interdepartmental committee and filed as exhibits before the commissioner.

Mr. MACKENZIE (Vancouver): And printed in the evidence, and filed as exhibits at the minister's request.

Mr. McGEER: At the minister's request. I come first to exhibit 243. It is a report to the hon. minister from the interdepartmental committee under date of March 21, 1938, which was the day before the governor in council passed the order in council authorizing the execution of the contract, which was not executed until March 31. Here is exhibit 243, on file before the commission. The interdepartmental committee is reporting to the hon. Minister of National Defence:

The interdepartmental committee on the control of profits on government armament contracts has, during the last three months, at numerous meetings, considered in minutest detail all the aspects and factors leading up to the manufacture in Canada of Bren guns including the various methods possible which, with their advantages and disadvantages were fully weighed. In view of the experience of the war office in these matters and the position it took, the committee reached the conclusion that the placing of a contract on a cost-plus basis with a selected firm whose capabilities in the opinion of the war office and of the department are satisfactory, was the most practical course of action to be adopted in the circumstances.

The draft contract now before privy council represents the views expressed by the committee which considered it clause by clause in meticulous detail. The committee, after exhaustive examination of the financial aspects as reflected in the draft unanimously expressed the opinion that they are fair and reasonable.

L. R. L.
Deputy Minister.

The initials are those of Colonel LaFleche, deputy minister, and chairman of the interdepartmental committee.

Mr. MANION: What is my hon. friend reading from, may I ask?

Mr. McGEER: From an exhibit that was filed before the commission, exhibit 243. Now does any hon. member on the other side of the house rise to say that the deputy minister and chairman of the interdepartmental committee misrepresented the conclusions of that committee to the minister, because we have it from a great many hon. members on the other side of the chamber that the deputy minister is a man of honour whose word is to be believed?

Mr. WERMENLINGER: We admit that.

Mr. McGEER: You admit that.

Mr. WERMENLINGER: Certainly.

Mr. McGEER: Well, I am glad of that—

Mr. WERMENLINGER: I refer to the deputy minister.

Mr. McGEER: —because that must place the report before the minister in such a light that the Minister of National Defence was justified in acting upon it.

Mr. STEWART: Mr. Speaker—

Mr. McGEER: That was another story.

Mr. STEWART: Would the hon. gentleman allow me to ask him a question?

Mr. McGEER: Just a minute. I want to put this on record without interruption, and when I have finished, if there are any questions, I shall be glad to answer them. I am not now making a speech; I am merely putting on record some facts which need neither speech nor argument to make them worth while and valid.

But the minister was not satisfied with that synoptic report. He went back to the deputy minister and said that he wanted a report in detail. I wish now to read in detail the report upon which the Prime Minister and his colleagues in the cabinet acted: it went before the commissioner and was filed as exhibit 244. The evidence is that it was the report upon which the Prime Minister and his colleagues advised the governor general to pass the order in council authorizing the execution of the contract.

As desired by you, a report on the Bren—

Mr. MACKENZIE (Vancouver): Will the hon. member please repeat those words: "As desired by you"?

Mr. McGEER: Yes. At the request of the Minister of National Defence. The suggestion that there was no disclosure is unwarranted because it is untrue, and in all the calumny of the personal attack that has been made upon the Minister of National Defence, the most contemptible is that he failed to disclose the facts which are so fully reported to the government in this report.

As desired by you—

That is, the Minister of National Defence.

—a report on the Bren light machine gun question is respectfully submitted:

As far back as the summer of 1936 the Department of National Defence came to the conclusion that it would be necessary to arm the forces with the Bren gun and that 7,000 of these guns would be required. A few model or specimen Bren guns were ordered and it early became clear that Canada could not look to the manufacturing establishment of the government of the United Kingdom as a certain or timely source of supply reasonably safe from possible enemy action. The two model guns which we now have were not made in England but in Czechoslovakia where they were invented; the Enfield plant near London cannot satisfy the United Kingdom government's requirements before several years. You will not want me to go too deeply into the difficulties

which have been encountered in this connection by Great Britain, but the fact that the United Kingdom is not only willing but anxious to order 5,000 Bren guns from a Canadian manufacturer is of the utmost significance. Direct advice to this effect, with corroboration from our Royal Canadian Ordnance Corps officer stationed at Canada House, London, has been received, also similar advice to the effect that the treasury in London has approved the war office proposal.

In view of the present situation, as mentioned in the next preceding paragraph, which, although anticipated here long ago, materialized slowly and after long and unexpected delays, it was deemed advisable, even in 1936, to consider the possible necessity of having our requirements manufactured in Canada. The probable difficulties of the position of the United Kingdom were surmised here from the beginning. Because of known variations in cost factors (labour, for instance), heavy outlays for machinery, et cetera, that would be required if the guns were to be manufactured in Canada, it was known that Canadian production costs would be much more than the English production cost, if only 7,000 guns were to be made in Canada it was believed that the cost would be prohibitive under normal conditions. Such has turned out to be the case, to the extent that the placing of the 5,000 order in Canada will save something more than $1,000,000 in cash to Canadian taxpayers. It is impossible to translate into dollars the other advantages to Canada whether financial, or, very important, the extending of our means of defence. Perhaps to mention one other advantage will suffice, i.e., that we will get the guns more quickly than would otherwise be possible; there will remain in Canada the plant and acquired skill in the production of this weapon.

When the matter was first considered, it was not then believed that there would be long delay in receiving favourable or at least definite advice regarding the placing of an order by the government of the United Kingdom, the advisability of having the guns produced in a dominion arsenal, by private industry following invitation to tender or by a selected manufacturer who would produce the guns under the close financial and technical supervision of the Department of National Defence, on a cost-plus basis, was carefully considered. The latter method was chosen as the one which would bring quickest results, would be the most economical, would most easily permit of termination of activity, and would be one which would commend itself to the war office.

It is the practice in England to select the contractor when, as in the case of the Bren gun and many other articles required for defence purposes, to have the contractor proceed on a cost-plus basis. This, when it is not possible to say what a fair and reasonable firm price is. This procedure permits sound planning against an emergency or war. In the case now under discussion, the president of Messrs. John Inglis Company Limited, Toronto, Ontario, James E. Hahn (Major, D.S.O., M.C., Canadian expeditionary force) called at the war office in October or November, 1936, and undoubtedly created a most favourable impression there and with the technical officers of the Enfield plant, with the result that of a number of Canadians who have displayed an interest in armaments, Major Hahn is one of the few who has proven satisfactory to the war office if an offer of a contract is to be taken as the indication. The prospective contractors were equally acceptable to the department and their continued interest in the matter, despite delays vexatious to all concerned, was reassuring.

It may be added that Major Hahn has visited England several times and has acquired a great deal of extremely valuable information concerning the manufacture of the Bren gun. The departmental proposal was brought before the interdepartmental committee on the control of profits on government armament contracts and there given minute attention which has resulted in a draft agreement which would limit the financial returns to the company to an extent greater than the agreement which has been found acceptable by both the war office and the treasury people of the government of the United Kingdom.

Mr. MANION: Whose statement is that?

Mr. McGEER: I will tell the hon. gentleman when I have finished reading it.

The Department of National Defence has spared no effort to acquaint the members of the interdepartmental committee with all possible facts and information concerning the proposed agreement. The members of the committee, including a subcommittee, individually and collectively, have been extremely painstaking and cautious in their approach to the subject. Some members insisted that a cost-plus contract be submitted to tender by selected Canadian firms.

Mr. MACKENZIE (Vancouver): There you are. There is "concealment"!

Mr. McGEER:

It being the expressed wish of a majority of the members, this was referred to the war office officials with the result that they nearly dropped the matter. It had been arranged through proper channels that the Department of National Defence ordnance office in London, as an observer, attend the discussions on this particular point. All reports were painfully to the effect that if such action were taken it would mean the immediate and complete loss of interest on the part of the war office. Whatever the reasons for delay in arriving at a decision up to a short while ago, London evidently cannot or will not place an order in Canada unless it can do so immediately. All concerned in the department here, including myself, quite understand and agree with war office officials; the members of the interdepartmental committee who desired that the point be referred to London accepted the war office decision when the committee again took up the details of the proposed agreement.

What I want to draw to your attention, Mr. Speaker, is that the hon. member for St. Lawrence-St. George demanded that the Prime Minister call for the resignation of the Minister of National Defence because he had not acquainted the government with these very facts, facts that went before the government in this report and were filed there before the government acted. Surely the time has

come when in the face of a report of this kind members who charge a minister of the crown with deception by not informing the government of the facts have little regard for the right of the Minister of National Defence at a time like this to be free from having suspicions cast upon him that are not warranted by the facts.

Mr. MANION: What has the hon. member been reading from? Surely we have a right to know.

Mr. McGEER: I wish to compliment the leader of the opposition on putting upon the political records of Canada one of the finest Irish bulls that ever went into print. Speaking to the Minister of National Defence about the editorial from Vancouver, which did not come from Vancouver, "Why," he says, "Mr. Speaker, I did not quote the editorial; I merely read it verbatim."

Mr. MANION: I did not say that at all. I wish to correct that statement. I did not say that I quoted it verbatim. I did not pretend to quote it verbatim. I took some of the words and used them, adopting them as my own. I never made the statement attributed to me.

Mr. McGEER: Collectors of Irish bulls will find that in *Hansard*.

Mrs. BLACK: On a question of privilege, Mr. Speaker, I myself sent that editorial to the leader of the official opposition. That editorial was printed in the Vancouver *News-Herald*.

Mr. McGEER: We have passed the editorial stage. We are now at the stage of the bull in the china-shop. I took a great deal of time to tell the house that I was reading from the report made by the interdepartmental committee to the minister and presented to the government, upon which they acted when they passed the order in council authorizing the execution of the contract, filed by the minister before the Davis commission as exhibit 244.

Mr. MANION: Why does it always say "myself"? In that report, again and again, says "myself." Is it the deputy minister?

Mr. McGEER: That is the reason why this kind of material should go to a committee where it can be analyzed properly. I do not blame the hon. member for not wanting it to go to a committee, but it is going there.

Mr. DOUGLAS (Weyburn): May I ask a question—

Some hon. MEMBERS: Order. Sit down.

Mr. McGEER: To continue:

> The last meeting of the committee was held on March 17, 1938, when all remaining clauses of the proposal were passed. Major Hahn was called into the discussion during the latter part of the deliberations.
>
> The principal features of the proposed contract, as passed by the interdepartmental committee, and recommended to you by me, are:
>
> The contractor to manufacture in Canada 7,000 Bren light machine guns and parts, as ordered by national defence according to available funds.
>
> Contractor to have ten-year non-exclusive licence. (This is effectively controllable by national defence through war office, and is subject to cancellation for cause, including increase of company's capitalization without consent of department.) Licence renewable by mutual agreement.

The essential feature of that report is to be found in the fact that the demand of a majority of the committee at one stage for tenders was properly placed before the government, and the government were advised that this committee, after full consideration of all the facts, had decided to accept the war office recommendation for the selection of the Inglis company under the direction of Major Hahn. Again, I say: Whether the minister was correctly advised or not may be one issue; but whether or not the minister and the government had a right to act upon that kind of report made by a responsible officer, who the other side declares is honourable and worthy of every respect, can no longer be an issue.

Upon what is a minister to act if he cannot act upon the written reports of the chairman of the interdepartmental committee, the deputy minister of national defence? Will any hon. gentlemen on that side say that this report is untrue; because to do so is to change completely their acceptance of the capability, honesty and integrity of the deputy minister of national defence? Well, if it is true, what was wrong with the minister and the government in acting upon it?

Mr. MANION: Because they took the responsibility, not the deputy minister.

Mr. McGEER: Then we shall come to one or two other incidental facts. This is the finding of the commissioner upon the interdepartmental committee's dealing with the question of tenders. Let me quote from that finding of commissioner Davis at page 40:

> Mr. Elliott said that the chairman (the deputy minister of national defence) pointed out that
>
> his department had followed the practice of the British government where competition is not always obtainable, and they unhesitatingly go into non-competitive contracts in order to secure their requirements. In this particular case the British government had picked the firm to manufacture its guns.

By the Commissioner:

Q. Just a minute; the British government had done what?

A. Picked the firm.

Q. In this case?

A. Yes.

Q. In this case the British government had done that?

A. Yes, that in this case the British government had picked the firm to manufacture guns, and that they had made the best possible deal with that particular firm.

That is the finding of the commissioner at page 40. Is that finding correct? We can go to this imaginary picture language and say that the commissioner did not mean to quote that to be believed; that he meant something else. Let us turn to pages 46 to 47 where he refers to the first cablegram from the British war office. I quote:

It was on November 9, 1937 (exhibit 182) that the war office had informed the department by cable that the British government was then "ready to negotiate" for the purchase of 5,000 Bren guns to be manufactured by the John Inglis Company subject to some substantial reduction in cost.

That is the finding of the commissioner. Then he quotes Sir Harold Brown's cablegram to the department in detail.

Mr. STEWART: May I ask the hon. member a question? Will he read the finding of the commissioner at the foot of page 47?

As appears from the communications quoted above, the war office as late as February 3, 1938 (exhibit 190) was still adhering to its desire to deal with the Canadian government and not with a Canadian manufacturer direct.

Mr. McGEER: I am reading the sections that are pertinent to the matter I have under consideration.

Mr. STEWART: The hon. member is leaving out what is pertinent.

Mr. McGEER: The commissioner has definitely found that the war office, rightly or wrongly, under pressure from this government or anyone else, did decide to select the John Inglis Company.

Mr. MANION: Under pressure, yes.

Mr. McGEER: What is the accusation, that this government in Canada is running the war office in England?

Mr. MANION: They were in this instance.

Mr. McGEER: Do not be foolish. No one in Canada would believe that.

Let us come now to the other point about this particular issue. The committee did demand tenders; they did demand that the war office be requested to agree to a tender program, and they cabled a request to that effect to the war office. And what happened?

[Mr. McGeer.]

Here is a request under date of January 26, 1938, from the interdepartmental committee. It reads:

It is private and not public tender that is intended. The committee would like to know if this would affect the placing of your order in Canada realizing the probable delay incurred thereby. This information is for confidential use of interdepartmental committee which is working on proposed contract.

What was the answer of the war office to that?

Mr. SPEAKER: I am sorry to interrupt, but the hon. member has exhausted his time.

Mr. McGEER: I should just like to finish this.

Some hon. MEMBERS: Time.

Mr. J. T. THORSON (Selkirk): The reply from the war office was:

Must emphasize that any further delay may adversely affect the proposal. In this connection firm having done necessary technical investigation obviously has the advantage.

Also, on February 5, 1938:

As regards alternative tender several months would necessarily be required for another firm to study job before making reasonable tender. This delay would be fatal to British interest in scheme.

Then there is Colonel Loggie's report to the secretary of Canada House. Colonel Loggie was the ordnance representative. His statement is contained in exhibit 224 as follows:

5. In his cabled reply, a rough draft of which was shown to me, Sir Harold emphasized the necessity of the immediate completion of a satisfactory agreement and mentioned the fact that a firm having carried out technical investigations obviously had the advantage, or words to that effect.

6. Sir Harold mentioned that should further delays occur a serious situation would arise in that the Enfield plant would be idle or nearly so before a Canadian entered production. He felt that unless immediate action was taken by the Canadian authorities the war office might be obliged to withdraw from participation in the scheme. I took occasion to ask him that in the event an auxiliary source of supply was established in Great Britain whether tenders would be invited or a suitable firm selected. He said, "We would select a firm."

The house divided on the motion (Mr MacNeil) which was agreed to on the following division:

YEAS

Messrs:

Anderson	Black (Mrs.) (Yukon)
Baker	Blackmore
Barber	Blair
Beaubien	Blanchette
Bertrand (Prescott)	Bonnier
Black (Chateauguay-Huntingdon)	Bothwell
	Bouchard

Boulanger
Bradette
Brooks
Brunelle
Cardin
Casselman
Church
Clarke (Rosedale)
Cleaver
Cochrane
Coldwell
Coté
Damude
Davidson
Deachman
Denis
Deslauriers
Donnelly
Douglas (Queens)
Douglas (Weyburn)
Dubois
Dubuc
Dupuis
Dussault
Elliott (Kindersley)
Esling
Euler
Evans
Fafard
Fair
Farquhar
Ferguson
Ferland
Ferron
Fiset (Sir Eugène)
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Francœur
Furniss
Gardiner
Gariépy
Gauthier
Gladstone
Glen
Golding
Gosselin
Grant
Graydon
Green
Hamilton
Hansell
Hanson
Harris
Hartigan
Hayhurst
Heaps
Hill
Homuth
Howe
Hurtubise
Hyndman
Ilsley
Isnor
Jaques
Jean
Johnston (Bow River)
Johnston (Lake Centre)
Kennedy
King, Mackenzie
Kirk
Kuhl
Lalonde
Landeryou
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Leader
Leduc
Lennard
Lockhart
McAvity
McCallum
McCann
McCulloch
Macdonald (Brantford City)
McDonald (Pontiac)
McDonald (Souris)
McGeer
McGregor
MacInnis
McIntosh
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
McLean (Simcoe East)
MacLennan
MacMillan
MacNeil
McNevin (Victoria, Ont.)
McNiven (Regina City)
MacNicol
Macphail (Miss)
McPhee
Mallette
Manion
Marshall
Matthews
Maybank
Mayhew
Michaud
Mills
Mullins
Mulock
Mutch
Needham
Neill
O'Neill
Parent (Quebec West and South)
Parent (Terrebonne)
Patterson
Pelletier
Perley
Pinard
Poole
Pottier
Power
Purdy
Quelch
Raymond
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (St. Paul's)
Ross (Middlesex East)
Ross (Moose Jaw)
Rowe (Athabaska)
St-Père
Sanderson
Senn
Spence
Stewart
Stirling
Sylvestre
Taylor (Norfolk)
Telford
Thauvette
Thompson
Thorson
Tomlinson
Tremblay
Turgeon
Turner
Tustin
Veniot
Vien
Ward
Warren
Weir
Wermenlinger
White
Winkler
Wood
Woodsworth
Young—187.

NAYS

Nil.

Mr. HANSON: Ten days of unnecessary expense to the Canadian taxpayers.

An hon. MEMBER: What is the hon. member talking about?

Mr. HANSON: I want it recorded, too; ten days of unnecessary expense.

Mr. MANION: Why did the hon. member not make a speech when he could?

Mr. STEWART: Because he couldn't.

Mr. HANSON: The whole thing is silly.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF GEORGE A. TOUCHE AND COMPANY AS AUDITORS

Hon. C. D. HOWE (Minister of Transport) moved for leave to introduce Bill No. 22, respecting the appointment of auditors for the Canadian National Railways.

Some hon. MEMBERS: Explain.

Mr. HOWE: This is the annual bill providing for the appointment of auditors for the Canadian National Railways. It is in exactly the same form as that of last year.

Motion agreed to and bill read the first time.

DOMINION ELECTIONS ACT

REPEAL OF SECTION 106 OF ACT OF 1938

Mr. ROBERT FAIR (Battle River) moved for leave to introduce Bill No. 23, to amend the Dominion Elections Act, 1938.

Some hon. MEMBERS: Explain.

Mr. FAIR: The bill provides for the repeal of section 106 of the Dominion Elections Act, 1938. The effect of this section which was enacted last year, is to deprive electors of any control over the members whom they send to parliament.

Mr. LAPOINTE (Quebec East): What control have they now?

Motion agreed to and bill read the first time.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING moved the adjournment of the house.

Mr. MANION: What will be the business to-morrow?

Mr. MACKENZIE KING. Tomorrow we shall take up the resolution with respect to the trade agreement between Canada and the United States. I understand there is a desire not to proceed with the debate to-morrow in which event we would go on with supply, and take the estimates for the Department of Agriculture, Public Works or National Revenue.

Mr. MANION: Mr. Speaker, in regard to the desire not to proceed, I pointed out privately to the Prime Minister that when the empire trade agreements were introduced on a Wednesday, back in 1932, the Prime Minister (Mr. Mackenzie King), who was then the leader of the opposition, took an adjournment of five days. And when the trade treaty of 1936 with the United States was introduced the right hon. gentleman who was then in my place took an adjournment of three or four days. To-morrow after the Prime Minister's speech I may make a few remarks, and then I shall suggest an adjournment for two days, until Thursday.

Mr. LAPOINTE (Quebec East): That is fine.

Mr. MACKENZIE KING: Whatever is most convenient to my hon. friend will be suitable to the government.

Motion agreed to and the house adjourned at 10.55 p.m.

Tuesday, February 14, 1939

The house met at three o'clock.

PRINTING OF PARLIAMENT

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That a message be sent to the Senate to acquaint their honours that this house will unite with them in the formation of a joint committee of both houses on the subject of

the printing of parliament, and that the members of the standing committee on printing, viz., Messieurs Barry, Bertrand (Laurier), Casselman, Chevrier, Damude, Davidson, Denis, Douglas (Weyburn), Dussault, Elliott (Kindersley), Esling, Evans, Ferron, Fleming, Fournier (Maisonneuve-Rosemount), Gauthier, Green, Hansell, Hurtubise, Hushion, Jean, Kirk, Lapointe (Matapedia-Matane), Leduc, Lennard, Little, MacInnis, MacKinnon (Edmonton West), MacLean (Prince), McGregor, McIntosh, McKenzie (Lambton-Kent), McNevin (Victoria, Ont.), Marsh, Marshall, Mills, Moore, Mullins, Mulock, Mutch, Pinard, Purdy, Reid, Ross (St. Paul's), Ross (Middlesex East), Rutherford, St-Père, Taylor (Nanaimo), Thompson, Tucker, Tustin, Veniot, Weir and Winkler will act as members on the part of this house, on the said joint committee on the printing of parliament.

Motion agreed to.

LIBRARY OF PARLIAMENT

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That a message be sent to the Senate to acquaint their honours that this house has appointed the Hon. the Speaker and Messieurs Ahearn, Blackmore, Blair, Blanchette, Bonnier, Bothwell, Bouchard, Bradette, Brasset, Cameron (Hastings South), Casselman, Clark (York-Sunbury), Duffus, Emmerson, Fournier (Maisonneuve-Rosemount), Grant, Green, Hamilton, Hyndman, Johnston (Lake Centre), Kuhl, Lennard, MacInnis, MacKinnon (Edmonton West), MacLean (Cape Breton North-Victoria), MacLennan, MacNeil, Macphail (Miss), McCallum, Mallette, Martin, Moore, Mutch, Parent (Quebec West and South), Parent (Terrebonne), Raymond, Reid, Rennie, Ross (St. Paul's), St-Père, Spence, Walsh, Winkler and Young, a committee to assist His Honour the Speaker in the direction of the library of parliament, so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a joint committee of both houses on the library.

Motion agreed to.

COOPERATION OF PARTIES

REQUEST OF CERTAIN ELECTORS OF BROADVIEW AND OTHER TORONTO CONSTITUENCIES

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I wish to present a petition, in the form of letters and ballots, bearing some seventy names, voters in my constituency, and some hundreds of others, earnestly requesting me as a federal member to forget party advantage and cooperate for the common good—which I have always done, and I hope the government will do the same thing.

TRADE AGREEMENTS

CANADA-UNITED STATES—MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

He said: Mr. Speaker, the trade agreement between Canada and the United States which was signed at Washington on November 17, 1938, was placed on the table at the opening of the session so that hon. members have had copies of it before them since that time. Incidentally I might remark that a month has elapsed since parliament opened.

Before proceeding to discuss the resolution I might say a word about the procedure the government is following in this matter. As hon. members will see, the resolution asks for approval of the agreement, but it implies that the agreement itself will be subject to further consideration by the house and that legislation will be introduced later to give effect to its provisions.

The purpose of the resolution is primarily to permit of debate dealing with questions of general policy raised by the agreement between Canada and the United States. If and when the resolution is adopted, the Minister of Finance (Mr. Dunning) will then ask that the house resolve itself into committee of ways and means to consider the agreement in detail and report on it. This will include, of course, the schedules which are attached to the agreement and which contain what is proposed in the way of changes of the tariff, the committee of ways and means being the committee of the whole house which has to do with all matters pertaining to the imposition and remission of taxation. This motion, I might say, is required under standing order 60 of the House of Commons. When the committee of ways and means has reported to His Honour the Speaker, a bill based on the resolution reported from the committee will then be introduced giving legal effect to the agreement. The bill will necessarily go through all stages in this house and in the other house, including again a consideration of its schedules in the committee of the whole. I mention all this lest there might be in the minds of any hon. members an impression that the government have taken upon themselves to do by executive authority what properly belongs to parliament itself. Nothing has been done by the administration with respect to the agreement which binds parliament to it, apart from such action as can quite properly be taken under general legislation already enacted by parliament.

It is true that the duties which are being reduced under the agreement, so far as Canada is concerned, have been reduced by order of the governor in council, but that order has been passed under authority of legislation enacted by parliament in the session of 1931 when hon. gentlemen opposite were in office. At that time the government of the day led by the Right Hon. Mr. Bennett introduced an amendment to the customs tariff providing that where any country was able to obtain from another country reductions on Canadian products this country might make a compensating reduction. The words "reduction on Canadian products" were amended later, in 1935 I think it was, to read "concessions"; so that the customs tariff now contains a clause which permits the governor in council, wherever a concession is given by another country to this country, to grant by order of the governor in council a compensating concession.

So that there may be no doubt as to the accuracy of what I have just said, I shall read the section of the statute which deals with the matter. Section 11 of chapter 30 of the statutes of 1931 reads:

The governor in council may by order in council make such reductions of duties on goods imported into Canada from any other country or countries as may be deemed reasonable by way of compensation for reductions on Canadian products granted by any such country or countries.

In 1935 this section was amended by the following resolution in the budget:

Resolved, that the aforesaid customs tariff be further amended by deleting from section 11 thereof, the words "reductions on Canadian products" and by substituting in lieu thereof the word "concessions."

It is apparent, I hope, that any power which the present governor in council has exercised with respect to the reduction of duties has been taken under that general legislation.

One other matter that might occasion concern in the minds of some is the fact that certain modification in preferences has been made in the agreement between Canada and the United Kingdom. It may be thought that this action should not have been taken

without the authority of parliament in the first instance. Here I would draw the attention of the house to the terms of that agreement.

The Canada-United Kingdom agreement has a provision which enables the parties, after conference, to modify the agreement in any particulars which may be of mutual advantage. I might say that the hon. member for St. Lawrence-St. George (Mr. Cahan) and the government of which he was a member were glad to avail themselves of that provision in the Canada-United Kingdom agreement of 1932 in order to obtain certain modifications in the preferences which had been granted to the United Kingdom in this country for the purpose of working out the agreement which at that time he was negotiating between Canada and France. Thus Canada was the first to ask the British government to permit it to take advantage of that clause in its agreement to modify an existing agreement. This fact placed the present government in a position where it would not have been at all easy to object when the British government itself asked this government to make such modifications in the existing agreement as would enable it to negotiate an agreement between the United States and Great Britain. I mention these points in advance so as to remove any doubts in the minds of hon. members that the government has proceeded in any particular beyond its immediate authority, or has taken from parliament any power with respect to the approval of this agreement in complete form before it actually becomes law.

Hon. members may ask, if this parliament should refuse to approve the agreement, what would happen to the numerous reductions that have already been made in the customs tariff. Well, what would happen would be that the reductions would cease to exist and that we should go back to the tariff schedule as it was on the first of January of this year, and the same would be true as respects concessions made to Canada by the United States. All that meanwhile will have happened is that for a period of a few weeks there will have been a reduction of duties both in the United States and in Canada on the articles specified in the schedules.

As I have said, after the committee have reported there will then be a further opportunity for hon. members to discuss any of the details of the agreement. I would point out, however, that it will probably expedite discussion and business generally if, when the schedules are before the committee of ways and means, they are examined very thoroughly, and the debatable points with respect to them discussed as far as possible at that time. Then, after the bill itself giving the effect of law to the agreement has been introduced, while there will be still another opportunity to discuss the schedules, hon. members will probably not feel the necessity so to do at that time. What I wish to make perfectly clear is that before members of the House of Commons are asked to give their final approval to the agreement, they will have had full opportunity to decide for themselves upon the merits of the tariff changes.

I mention this point because the government's procedure in this matter is different from the procedure of the government that was in office in 1932 when we had the Canada-United Kingdom agreement before us. It will be recalled that at that time the opposition of the day took strong exception to the course adopted by the then prime minister in asking the house in the first instance to accept the agreement in toto and then later to discuss the schedules attached thereto. In other words we were being asked to approve of an enactment which would put the agreement into force without knowing what the effect of the changes in the tariff were going to be. A different procedure was adopted in England in respect of the same agreement. All details of the tariff schedules were discussed in committee of ways and means before the bill itself giving legislative effect to the changes was considered by the British house. We are following at this time, as we did when we had the agreement of 1935 before us, the practice followed at Westminster.

As to the agreement itself, in a word, considering it in relation to the agreement of 1935, it constitutes an implementing of the pledge with respect to tariffs and trade which was given by the Liberal party to the country at the time of the last general election. While by itself it is not a complete implementing of that pledge, combined with the 1935 agreement and other changes in the tariff and its administration made by the present government, it carries out faithfully the undertaking then given by this party to the electorate of Canada. May I recall to hon. members the statement of Liberal policy with respect to tariffs as it was set forth by myself when in opposition in this House of Commons on February 27, 1933. In a statement of Liberal policy with respect to a number of outstanding problems there was one which had special reference to the liberation of external trade. In that statement, which was kept to the fore throughout the general elections of 1935 the Liberal party set forth its belief that trade was the basis of industrial and commercial development, and

that what Canada needed was trade. Canada's need of trade was emphasized because of the fact that trade means increased production, increased consumption, increased distribution, increased transportation, increased employment, increase in the standard of living and consequently increased prosperity. The statement of Liberal policy went on to say:

> The Liberal party will promote trade with all nations and negotiate trade agreements with any countries willing to trade with Canada on a reciprocal basis.

I shall not mention this afternon other trade agreements that we have made while we have been in office, but the agreements with the United States of 1935 and of 1938 taken together are the outstanding trade agreements with a country that was prepared to trade with us on a reciprocal basis.

A further statement was that:

> The Liberal party will abolish the extravagant increases in the tariff made by the present administration—

That referred of course to the Conservative administration which was in office at the time the statement appeared and was being quoted.

> —which have had the effect of strangling trade, exploiting consumers and robbing the railways of business.

I have examined with some care the effects of the tariff changes that have been made by this administration since we came into office in October, 1935, the changes with respect to the British preference and with respect to the duties upon commodities coming into Canada from other countries. Briefly summarizing the whole position it may be said that the trade agreements completed since the accession of the present administration to office have effected a major reconstruction of the Canadian tariff. The rates of duty chargeable under the British preferential tariff on United Kingdom goods are on an average lower than they have ever been before, and the rates chargeable on United States goods have been reduced in two stages to a level that on most commodities is below that effective when the Liberals were last in power in 1930.

I think, Mr. Speaker, that is all I need say at the moment about the general effect of the tariff changes which we have brought about in one parliament. I doubt very much whether careful examination of the records of previous parliaments would disclose that in any two or even any three parliaments combined there was the extent of tariff reconstruction downwards and lessening of taxes on trade comparable to those which have been made by the present administration in the course of this one parliament.

May I next draw the attention of the house to the fact that reciprocal agreements with the United States have been sought by most administrations in Canada since confederation. There had been one agreement prior to confederation, which had shown the advantages of reciprocal trade with the United States, but that agreement ended in 1866, the year before confederation came into being. Since confederation there have been repeated efforts on the part of different administrations to effect reciprocal trade agreements with the United States. It is, I think, significant and worthy of note that the only successful attempts at negotiation were effected by previous Liberal administrations. The first of these resulted in the signing of a trade agreement between Canada and the United States during the administration of the late Alexander Mackenzie. That agreement was signed at Washington by the late Hon. George Brown for Canada and by Mr. Hamilton Fish for the United States, but the United States senate did not accept the agreement, and as a consequence those negotiations came to naught.

Then we had the all important agreement reached by the late Right Hon. Sir Wilfrid Laurier and his administration in 1911, a very far-reaching agreement of reciprocity in natural products between this country and the United States. I need not review in any detail what took place at that time in order to make clear why this agreement was defeated. On that occasion responsibility for the defeat did not rest with the United States. I recall the discussions quite well, for I was a member of Sir Wilfrid Laurier's administration at the time. The arrangement then reached was not a treaty to run for a number of years. It was felt that if a treaty were entered into for a number of years the opposition of the day would immediately say that we had bound ourselves irrevocably to the United States and that on this score the agreement might be defeated. The course adopted to avoid that sort of criticism was to provide that each country should enact its own legislation as agreed upon with respect to tariff changes; and that when each government had carried out its side of the arrangement, the terms of the agreement would thereby and then become operative and remain in effect as long as both countries believed it to be to their mutual advantage.

The United States passed the necessary legislation to admit Canadian products entry to the American market. When announcement of the agreement was made by the late Right Hon. Mr. Fielding in this House of Commons its members were as enthusiastic concerning it as any house of commons possibly could be.

But, as hon. members will recall, in that year Sir Wilfrid Laurier was obliged to attend an imperial conference in London, and during his absence there was formed in this country a group opposed to the agreement. The Conservative party of the day took it upon themselves to create an issue in the campaign which had nothing to do with the merits of the agreement from an economic point of view. They changed the nature of the discussion altogether and raised a political issue of loyalty to the British crown; they asked whether Canada was to continue to be a part of the British empire or whether Canada was to be annexed to the United States.

Mr. STEWART: And a good many Liberals helped them.

Mr. MACKENZIE KING: In the Liberal party of that day, there unfortunately were some whose views on this question, for reasons best known to themselves, came to differ from the views of the party generally, but there never was any question as to the position of the Liberal party of Canada itself with respect to the reciprocity agreement of 1911.

As I have said, when the agreement was introduced there was general enthusiasm on both sides of the house; but when it became apparent that it would be possible to make a political football out of what was a great economic reform the temptation of possible political success became too strong for hon. gentlemen opposite, and in the House of Commons after Sir Wilfrid Laurier's return the enactment of the necessary legislation was deliberately obstructed. The obstruction became so persistent that Sir Wilfrid Laurier dissolved parliament and went to the country on the agreement itself, the Liberal party staking its entire fate upon this great reform; more in the way of freedom of trade between Canada and the United States.

I remember very well hearing Sir Wilfrid Laurier say at that time that it would probably be at least a quarter of a century before another opportunity would come to Canada successfully to negotiate a reciprocal agreement with the United States. Sir Wilfrid pointed out what was all too true, namely that seldom in the history of the United States and Canada have governments been in office at the same time in both countries each of which was favourable to the lowering of tariffs. At that time there was in the United States a government that favoured the lowering of tariffs. In large part it was due to this fact that the Liberal administration of the day was able to make an agreement with the administration then in office in the United States.

Well it took about twenty-five years, almost to the year, to bring about that combination of circumstances again, with administrations in power in both countries sympathetic to a reduction of duties on products and other commodities passing across the international frontier. In the United States they have a government which has pioneered in its effort to bring about a reduction in trade restrictions, not only with its neighbours but with countries in all parts of the world. No man is more outstanding in world history to-day as a great reformer in the matter of the furtherance of trade between nations than Hon. Cordell Hull, Secretary of State of the United States. His example and his services to the world in this particular during this period of its trials, I think, are unparalleled by those of any other individual in his own or in any other country. Mr. Hull has believed and as consistently stated that the world was heading towards a condition of inevitable strife and war if the different countries continued to develop theories of economic nationalism and base their legislation upon those theories, becoming more and more nationalistic, more and more isolationist, and obliged in order to satisfy their peoples to resort, as a consequence of their restricted trade, to measures which were anything but in their real interest. For years past he has seen and pointed out to the different countries of the world that restrictions upon trade leading to increasing economic nationalism or economic imperialism were certain sooner or later to bring this world to destruction, and he has fought hard and valiantly to rectify the situation.

When the previous administration in this country—the late Conservative administration—were in office they had an opportunity to join with Mr. Hull and the United States government in effecting a measure of reform in the matter of greater freedom of trade between this country and the United States. The president had been given special powers by congress to reduce duties and by executive action to effect reciprocal agreements without the necessity of such agreements being submitted to congress for approval. There were certain limitations placed upon the powers given to the president. He was not authorized to reduce any duties by more than fifty per cent. He was not authorized to make an agreement for a period longer than three years, except with the understanding that it would continue thereafter subject to six months notice. But within these and certain other limits he had full authority to make reciprocal agreements with other countries. The late Conservative administration began negotiations

with the United States for a trade agreement, and I should like to draw attention to the objective which they saw at the time as a part of the wisdom of successful negotiation. According to the correspondence which took place with the United States, they felt that a trade agreement would be mutually advantageous to both countries; but they went further and stated very clearly that they believed a trade agreement between Canada and the United States would have great international significance as well and might even be of service to the world. And may I say that they had all the advantages which the present administration has had in the personnel of those in the public service, skilled in negotiation, to help them in working out the details of an agreement.

Here may I pause to join in what was said by several other hon. members in the course of the debate on the address. I doubt whether any country has been more fortunate than Canada has been in the loyal, able, efficient and highly skilled service which has been rendered by members of the public service who assisted the ministry in negotiating the trade agreements at Washington. I do not think it is possible to commend these services too highly. In that statement I would include not only their services to Canada but may I say, along with their own negotiators, to the United States, because the benefits secured under these agreements are mutual. I would go further and include services rendered not only to Canada and the United States, but the United Kingdom and other countries as well. I do not believe a greater service could have been rendered by any three men at this time to the countries I have mentioned than has been rendered by Mr. Wilgress, Mr. McKinnon and Mr Robertson, the three able members of our public service who have had most to do with studying all implications and working out all details in the negotiation of the Canada-United States agreements.

As I have said, hon. members opposite had the services as we have had of these able men. They had before them, as a result of negotiations which ran over the greater part of one or two years, all the information and all the particulars necessary to enable them exactly to decide what benefits they could obtain and what advantages to Canada might accrue, were they to enter into an agreement with the United States. But as hon. members who sat in the parliament of that day will remember, we could never get any information from the prime minister of the day as to the progress of the negotiations. We could get no information as to how the administration was getting along. We were told that they were busily engaged—but nothing more. Parliament prorogued in July without obtaining any information as to the extent to which negotiations between Canada and the United States were likely to be successful.

During the campaign of 1935, which took place in September and October, the correspondence that had taken place in the previous year was made public for the first time. The correspondence went a long way towards disclosing what might be possible by way of advantage to Canadian producers, and of advantage also to Canadian consumers, were a trade agreement effected between the two countries. However, in the campaign no definite commitments were made by the Conservative party of the day. All they did was to exhibit to the electors what was alleged to be the course of negotiation up to that time.

I have in my hand the correspondence which took place between the government of that day and the United States government, as set out in an exchange of notes between Mr. W. D. Herridge, the then minister from Canada to the United States and Mr. Cordell Hull, the Secretary of State for the United States. Perhaps this would be as good a moment as any to see from what point of view the negotiations were approached, because it serves to throw additional light on the value of what has been effected since that time.

The first communication which set out the position of the then government of Canada was dated at Washington, November 14, 1934. It is signed by Mr. W. D. Herridge and is addressed to the Hon. Cordell Hull, Secretary of State for the United States, at Washington, D.C. In that note the minister of the day said:

> You will recall that when the Prime Minister of Canada visited Washington in April, 1933—

That was the Right Hon. R. B. Bennett—

> —at the invitation of the president of the United States, the development of trade between the two countries was sympathetically discussed.

It is interesting to note that that was as long ago as April, 1933. It was September of 1935 before this correspondence was given to the Canadian public. But as early as April of 1933 the President of the United States himself had approached the Canadian government with a view to seeing if it might not be possible to work out an agreement of reciprocal advantage.

> On April 29, 1933, Mr. Roosevelt and Mr. Bennett issued a joint statement at the end of their conversations, which concluded as follows: "We have also discussed the problems

peculiar to the United States and Canada. We have agreed to begin a search for means to increase the exchange of commodities between our two countries, and thereby promote not only economic betterment on the north American continent, but also the general improvement of world conditions.

Why was it that that very laudable aim was never in fact carried out or attained? The answer can be given in little more than a word. In that day there were in the government of hon. members opposite exactly what we see in the opposition before us at the present time—two wings of a party, the first of which was inclined slightly towards more in the way of freedom of trade. My. hon. friend the leader of the opposition (Mr. Manion), I should hope, would have been one of that number having been strongly of that point of view at one time, and the hon. member for Leeds (Mr. Stewart) who, speaking the other day, pointed out that he thought his party had always favoured something more in the way of freedom of trade, and was rather favourable to a reciprocal trade agreement, would I hope have been another. But if we look across the aisle to where he sits we come to the hon. member for St. Lawrence-St. George (Mr. Cahan)—and, remember, he too was a member of the administration of that day. These three gentlemen were members of the same administration, an administration which had to do with the question of negotiating a trade agreement between Canada and the United States. What was the nature of the remarks of the hon. member for St. Lawrence-St. George respecting a trade agreement with the United States, when he spoke in a previous debate of the present session? The hon. member has a number of pet aversions. I believe perhaps one of the strongest is his dislike of the United States, and particularly in those matters which relate to trade. He said in the house, and has said repeatedly outside of it, that there is no use in Canada trading with the United States, because we will always get the worst of it; in some way or another there is, he believes, an influence at work in Washington which makes it impossible for Canadians to protect themselves in the matter of their own interests.

Mr. CAHAN: No such words were ever said by me.

Mr. MACKENZIE KING: Not those very words, but that was the intent and meaning of what my hon. friend said.

Mr. CAHAN: And no such intent and meaning. I think Canadians, if they are of the proper calibre, can protect themselves in any situation.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: I might go over the entire number. However all I wish to point out is that there were several other hon. members in the cabinet of that day who held much the same view as my hon. friend from St. Lawrence-St. George held then, and holds now, and has always held. I remember that the late Mr. Ryckman was one, and there were several others. I believe I could without much difficulty go over the ministry of the day and point out just how many would be absolutely opposed to any agreement with the United States and how many might be inclined to favour one.

Well, with a ministry divided in that way it is no wonder that the prime minister of the day was unable to enunciate any policy whatever.

Mr. MANION: Would the right hon. gentleman, after he finishes our side, describe the differences on his own?

Mr. MACKENZIE KING: "The differences on his own" are all reconciled, if I may say so. I might point out to the hon. member—well, I cannot say there was not one, although I am not certain at the moment there was, but certainly there was not more than one who did not wholeheartedly support the agreement we made with the United States in 1935. And that statement applies to a parliamentary party larger in numbers than any party which has ever sat in this House of Commons. As far therefore as the unity of the party is concerned, it has been pretty well illustrated. I believe my hon. friends will find at this time that ninety-nine per cent, if not one hundred per cent—I rather hope for one hundred per cent—of the party in this House of Commons will support the present agreement. I hope I have made myself clear as far as the solidarity of the party is concerned.

What I want however, to point out to my hon. friends opposite is that when it came to negotiating with the United States for a reciprocal trade agreement there was no division in the present Liberal cabinet over the attitude to be taken. We were a solid unit by way of standing together for the terms of the agreement which we were successful in negotiating and securing. The cabinet was as one, and that is why we succeeded where hon. gentlemen failed. As a party, we stood as a united force throughout the campaign in favouring a trade agreement with the United States. We made that profession throughout the campaign and later when a cabinet was formed to carry out the party's policies we who were its members lived up to our professions.

I remember very well that when this correspondence was published in some parts of

Canada, it was not much referred to by speakers on the government side, although in others attention was drawn to the basis on which the government were negotiating. It was pointed out to the electorate in localities where it was thought the appeal would be effective, what better opportunities there would be to sell cattle in the United States, fish in the United States and lumber in the United States. It was pointed out that as authorized by the tariff act, there could be a reduction of fifty per cent on a specified number of natural products, including lumber, fish, potatoes, milk and cream, live cattle, a number of other agricultural products and several minerals, both metallic and non-metallic. The communication from which I quote was dated November 14, 1934. The election was not until October 14, 1935, but throughout that year nothing was given to this parliament when it was in session.

Mr. STEWART: Would the Prime Minister allow me to ask him a question, just to keep the record clear? Could he give the house the date upon which the president was authorized to negotiate on the terms as agreed to by congress? I think it was in 1934.

Mr. MACKENZIE KING: I have just pointed out that it was on April 29, 1933, that Mr. Roosevelt and Mr. Bennett issued a joint statement as follows:

> We have agreed to begin a search for means to increase the exchange of commodities between our two countries, and thereby promote not only economic betterment on the north American continent, but also the general improvement of world conditions.

Mr. STEWART: I am asking for the date upon which the president received authority from congress to negotiate an agreement similar to the one negotiated in 1935. I believe it was in 1934.

Mr. MACKENZIE KING: It was in 1934.

Mr. STEWART: Yes. In August, I think.

Mr. MACKENZIE KING: There was plenty of time for the government of the day to have made an agreement if they had been united and of that mind and purpose.

Mr. STEWART: They had it pretty nearly closed.

Mr. MACKENZIE KING: I may say in passing that it was stated at a previous session by the former leader of the opposition that this correspondence had been laid on the table of the house before the house adjourned in 1934. I questioned that statement at the time. I have since asked the clerk of the house if the correspondence was laid on the table and I have been informed that it was not. Certainly I have no recollection of its having been tabled, nor has anyone else. The campaign opened early in July, 1935. Parliament was dissolved on August 14, 1935, but it was not until September 9, 1935, that a press release of the correspondence was sent all over Canada for publication in the newspapers. It had been kept in storage for election purposes almost for a year. That release contained the correspondence which I have been quoting to the house. One letter to Mr. Cordell Hull was dated November 14, 1934; another letter from Mr. Hull was dated December 27, 1934, and the final communication was dated January 4, 1935. As my colleague points out, all that was pursuant to the authority which the president had to seek to negotiate an agreement with this country.

It is important to keep in mind that the entire correspondence was not given to the press until September 9, 1935, though it was all in existence on January 4, 1935. This parliament had no knowledge of it while the house was in session, but it was used throughout the final weeks of the campaign to imply, where it was likely to serve the purpose, that if the Conservative party were returned to power they would be prepared to go ahead with negotitions for what was in effect a reciprocity agreement. Others knew what to believe. I think it is perfectly clear that if the Conservative party of the day had been returned to power they would have been just as much divided after they came back as they were before. True to tradition, the protectionist interests of the government would have governed and we would have had no reciprocity agreement whatever.

Mr. MANION: May I just interject for a moment? So far as I recall, and I think I recall very well, there was no division in the council of Right Hon. Mr. Bennett.

Mr. MACKENZIE KING: If there was no division, then it was because it was pretty well understood among themselves that they would not put any agreement into force before the date of the election, and that during the election they would make no promise to do it after.

Mr. SPENCE: Because they did not like the agreement.

Mr. MACKENZIE KING: They did not like it, but we did. We took it and carried it through. The Tory party of Canada for years has never liked the idea of an agreement

with the United States. Whenever that party occupies the treasury benches the public may look in vain for anything in the nature of an agreement ever coming into force. That was why with its willingness to negotiate it was possible for the present administration to effect an agreement in such quick order. I remember saying during the campaign that if the Liberal party were returned to power I believed that with the readiness of the United States to negotiate a reciprocal agreement, with what I knew to be the desire of the Liberal party in Canada to negotiate an agreement, we could effect an agreement in three weeks. We effected it inside of three weeks, for the very reason that we liked it. I may say to my hon. friends opposite that the country liked it. The country likes what has been done up to the present, and the country likes what we are doing to-day.

Mr. PERLEY: Time will tell about that.

Mr. MACKENZIE KING: Time will tell about it?—no; let me tell about it right away. Hon. gentlemen opposite have been saying much about public opinion and of what the electorate thinks of these trade agreements. Fortunately we have a record of what the electorate thinks. The electorate has had excellent opportunities of considering the trade policies of both political parties over a period of a good many years. The trade agreement between the former Conservative government and Great Britain was affected in 1932. We who were of the opposition of the day took exception to many phases of that agreement on the score that in some particulars it was heading in the wrong direction. One was this. Preferences were not granted in that agreement by lowering the rate effective against the other parts of the empire which were receiving the preference. They were effected by putting up the rates as against all other countries. That was the great change in the method of granting preferences which came during the time that Mr. Bennett was in office. Our friends opposite talk about their being the ones who instituted preference. What they did was to institute an entirely new plan of raising tariffs under the guise of granting a preference. The preference owes its origin to Sir Wilfrid Laurier's administration in 1896. It was the Liberal administration of that day which was the first to grant to Britain and to other parts of the British empire a certain preference, and it did so by reducing the existing duties on their goods coming into Canada. It was the other administration, that of Mr. Bennett, which subsequently changed that method.

Mr. MANION: And got some return.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: Well, we will see what the public thought of the return they got. I am coming to that now. From the time of the 1932 conference on there was a series of by-elections—quite a number—in this country at which the trade policies of the two parties were discussed, the Conservative party defending its policies with respect to higher tariffs, the Liberal party opposing them and taking the position I have cited here as having been given to this house by myself in a statement in 1933. From the time the conference of 1932 took place until the general elections of 1935 there were altogether seventeen vacancies which should have called for by-elections. As I have just said, in those by-elections which did take place the trade policies of the two parties were very fully discussed. What was the showing as the result of the vacancies and consequent by-elections of that period? As a matter of fact, for some time prior to the general elections of 1935 the Conservative party had given up fighting by-elections altogether; they had made up their minds that there was no use in trying to appeal to public opinion any longer on the score of tariffs; for they would be beaten every time. There were seventeen vacancies altogether and they allowed seven of these to remain. But what happened in the by-elections which did take place? There were by-elections in the following constituencies: Huron South; Yamaska; Restigouche-Madawaska; Mackenzie, Saskatchewan; Oxford South; Toronto East; York North; Frontenac-Addington; Elgin West; Kenora-Rainy River,—in all, ten by-elections. In those ten by-elections the Liberals held the five seats which they had previously had and gained four. The one and only seat which was held by the Conservative party was retained by a minority of votes. That was the position in ten by-elections, nine of them carried by the Liberals on their policies, and the one which was retained by my hon. friends opposite was secured by the hon. member for Toronto East (Mr. Church) in a three cornered contest by a minority of votes.

An hon. MEMBER: As a result of the depression.

Mr. MACKENZIE KING: What was there in addition? As I say, they began to see what the public were thinking of their trade policies. Vacancies then occurred in the following constituencies—and what is doubly interesting about this is that in only one of these constituencies was the previous member a Liberal: Halifax; Long Lake; St. Denis; Algoma East; St John-Albert; Montmagny, and Simcoe East; seven vacancies, and not one of them

brought to a test of public opinion by the party then in power. In other words, out of seventeen vacancies occurring in this House of Commons between the conference of 1932 and the general elections the Conservative party did not carry a single one except one by minority vote. That is how their trade policies and and their effects were viewed in the eyes of the people of this country.

Let us come to the present position. Since this present government came into office there have been, over a corresponding period of three years not seventeen, but twenty-five by-elections. By-elections have occurred in the following constituencies: Assiniboia; Queen's, Prince Edward Island; Portneuf, Antigonish-Guysborough; Victoria, British Columbia; Wright, Quebec; Gloucester: Ottawa East; Bonaventure; Hamilton West, Renfrew North; Cape Breton North-Victoria; Dufferin-Simcoe; Frontenac-Addington; Victoria, British Columbia; Lotbiniere; St. Henry; St. John-Albert; Argenteuil; East Edmonton; Queen's, Prince Edward Island; Brandon; Cartier; London; Waterloo South. What was the result of those by-elections? In six out of the twenty-five the Conservative party retained the constituency they had previously held. In one our social credit friends held their own. In eighteen the Liberals carried the constituency. In sixteen constituencies we held our own, and in two we made gains from the party opposite. With what result? With the result that while we had 178 of a following when we came into office—the largest following any government in Canada had ever had—we have to-day a following of 180 in this parliament, out of a total number of 245 and there was not a single vacancy when parliament reassembled at the beginning of this, its fourth session. The vacancy which has since taken place is the one which has been created by the recent resignation of the former leader of the Conservative party. Every seat in this house was filled when parliament met at the beginning of the fourth session, and we began this fourth session of parliament, with an increase in the government following of two seats above the number we had when parliament first met.

What has taken place in the period during which these by-elections were held? The people of this country had before them as an outstanding achievement of the present administration the trade agreement with the United States which was effected by this government immediately after coming into office in 1935. That agreement has been the subject of debate everywhere. And may I point out—as hon. members opposite know only too well—that in the city of Victoria, where this government carried the seat from the Conservative party, the then leader of the Conservative party went all the way from Halifax to Victoria to fight the issue of the trade agreement with the United States.

Mr. McGREGOR: Who went up to Waterloo?

Mr. MACKENZIE KING: My hon. friend will have to answer that. I did not go myself; I can tell him that. And what has happened since my hon. friend has become the new leader of his party? He has had his hand in some of these by-elections. One of them was in Brandon. There again the question of the 1935 trade agreement with the United States was a main subject of discussion at the time.

Mr. MANION: Oh, no.

Mr. MACKENZIE KING: Oh, yes, it was, and it was known that there was to be another agreement to come along very shortly which would increase the benefits which had been derived under the previous agreements. The result was, as I have said, that in each of these two constituencies, Victoria and Brandon, the Conservative party lost the seat to the Liberal administration. I think the record of the by-elections speaks to hon. gentlemen opposite more eloquently than any words could possibly do, as to how the electorate of this country feel about the trade agreements which have been made with the United States, and which, as I have said, have been the main subject of discussion in at any rate most of these by-elections.

If the public have taken the view they have of the present administration it has certainly been in large part, because of the obvious benefits which have been derived by Canada from the government's trade policies, and from some of the other policies of the government. Hon. gentlemen opposite have been making the most of the difficult times we are in. They are times that are difficult the world over. They are less difficult in Canada, I believe, than in any other country in the world. What they might have been but for some of the reforms already effected by the present administration, I hesitate to say. If we had had no trade agreements, with the benefits which they have afforded to producers and the benefits they have given the consumers, in this period of difficult times, the situation for Canada would have been infinitely worse than it is.

Hon. members point to the falling off of trade in a particular year. The only way to view an agreement of this kind at all properly is to take its results over a period of years.

Everyone knows that last year there was a great recession in the United States. Everyone knows that there has been a great depression in our Canadian west, that that part of the country has been suffering from severe drought. These two factors alone account for what there has been in the way of a falling off of trade. Surely hon. gentlemen will not say that the recession in the United States or the drought in western Canada was due to the Canada-United Kingdom agreement which was made in 1932. No more were they due to the trade agreement of 1935. Misfortunes of this kind, are of a character which no country of itself has been able to prevent.

I have not time to-day to run over the advantages that accrued to producers and consumers under the first agreement, the agreement of 1935, but I wish to give now to this house some of the advantages which are certain to accrue to the producers and consumers of this country as a result of the agreement which we have before us at the present time, the 1938 agreement. I shall run over these as quickly as I can, but I think it is important that in considering this resolution the house and the country should know to what extent producers, and also consumers, who make up the whole population of Canada, are likely to benefit by the present agreement.

The criticism has been made that we have given certain concessions, and there will be an effort in the course of this debate to stir up sectional feelings because in some particular locality some one commodity may, to appearances at least, have been affected. Well, I wonder how any agreement could be made between countries unless there were some concessions on both sides. It all depends upon the extent of the concessions. It is true that Canada gave up certain preferences in the British market in order that the United Kingdom might make an agreement with the United States, an agreement which she could not have effected but for this action on our part. But if hon. members will examine the agreement they will find that we have received ample compensatory advantages in the United States and in the British market as a result of these concessions, and they will find also that in their effect upon any locality or industry the general result of the two agreements vastly outweighs any adverse effect that could possibly come in consequence of the agreement.

Let me cite some of the advantages. I venture to say that hon. members, though they are familiar in a general way with the terms of the agreement, will be surprised at their extent.

First let me say the leader of the opposition the other day took exception to a press release given out at the time that the agreement was negotiated at Washington; he called it propaganda and ballyhoo. I say to the hon. gentleman that if no release had been given out he would have been the first to complain that the government, instead of making known to the people of Canada the exact truth with respect to this particular agreement, had placed no facts before the public, and we would have been told that we did not understand the new democracy, which demands the fullest information with regard to everything that is done. I am going to place a copy of the press release on the table of the house and shall ask the clerk to see that copies which are available are distributed to every member in this house and in the senate so that hon. members may judge for themselves whether this is a statement of fact or ballyhoo and propaganda.

Mr. MANION: A mixture of both.

Mr. MACKENZIE KING: My hon. friend will be able to take his part out of the mixture and others will take theirs. He is welcome to the ballyhoo.

Mr. MANION: The ballyhoo was not meant for me but for the public.

Mr. MACKENZIE KING: If my hon. friend will tell the house when he comes to it, the part that is ballyhoo, we shall thank him for so doing. What I wish to point out is that both in the United States and in Great Britain the same course was followed. The government of the United States issued a press release, a release two or three times the length of the one I have placed on the table of this house, which gave in detail a statement of the agreement from the government's point of view. In Great Britain a press release was issued with respect to the agreement between the United States and Great Britain. In an agreement affecting some 700 or more commodities, it would be extraordinary if something in the form of a press release were not needed.

Mr. CAHAN: Could the Prime Minister furnish a copy of the press release at Washington? It would be interesting for hon. members to read it also.

Mr. MACKENZIE KING: I thought from what my hon. friend said the other day that he had read it and was quoting from it, so surely there is no need to give him one.

Mr. CAHAN: But you might furnish it to the house as a counter-irritant.

Mr. MACKENZIE KING: Let me now discuss some of the benefits that come from the present agreement, so far as the Canadian producer is concerned. The Canadian producer in every part of the dominion will share in the benefits resulting from the agreement. For example, in the maritime provinces, the concessions with respect to fish will be found of the greatest benefit. Here I must emphasize again the fact that all that I am now setting forth in the way of benefit is in addition to what has already been obtained under the agreement of 1935. The benefits of the latter agreement remain in toto. The benefits I am speaking of now will be added to those of the 1935 agreement when this agreement is passed. I have already mentioned the concessions on fish. The reductions of United States duties on potatoes will be particularly appreciated in New Brunswick, and the fox farmers of Prince Edward Island will gain from the concession on silver fox furs. The producers of Quebec will gain from the reductions in the duties on maple products, on salted codfish, cream, milk, hay, buckwheat, certain types of paper, salmon and lumber. The producers of Ontario will benefit from the reductions on lumber, cattle and calves, cheese, bacon and pork, barley, clover and grass seeds, fresh water fish, paper, nickel, ferro-alloys, leather, and various manufactures of wood. The farmers of the prairies will gain from the maximum reduction of fifty per cent in the United States duty on heavy cattle and the enlargement of the tariff quota on this type of cattle, as well as through the concessions on horses, swine and pork, poultry, feed wheat, barley, oats and rye, feeds of various kind, and fresh water fish. British Columbia will be particularly benefited by the concessions with respect to forest products but will also gain from the concessions on salmon, halibut, fresh cod, sperm oil, zinc, cadmium, firebrick and limestone. Let me speak of a further advantage which will come under this agreement. Any advantage that is gained by Britain, for example, in her treaty with the United States will accrue to Canada under the most favoured nation exchange arrangement, which is part of the agreement.

Hon. members opposite have sometimes taken exception to the part of the agreement relating to most favoured nation treatment being accorded other countries. That principle was agreed to by their party when they were negotiating with the United States. Let me read what appeared in the actual exchange of communications which formed the basis of all subsequent negotiations:

> The mutual concession of tariff treatment as favourable as that accorded to any other foreign country;

Perhaps I had better read what precedes that. This is Mr. Herridge speaking on behalf of Mr. Bennett and his administration:

> I am authorized to put forward the following outline as a suitable basis for the negotiation of a trade agreement.

And the second feature is this:

> The mutual concession of tariff treatment as favourable as that accorded to any other foreign country; this means that Canada would extend to the United States its intermediate tariff, involving reductions from the present rates of duty on some 700 items, including both natural and manufactured products, together with a number of further reductions below the intermediate tariff rates through the extension to the United States of concessions made by Canada in trade conventions with foreign countries.

In other words, the most favoured nation principle was to be embodied in any agreement the previous administration might have found it possible to make. In addition to the benefits which we receive under our own agreement, we receive other concessions under the Anglo-United States agreement, which are extended to us under the most favoured nation clause. The chief commodities on which we receive concessions in this indirect way are books, manufactures of artificial abrasives, various types of leathers, boots and shoes, tobacco pipes, dressed furs, kippered herrings, biscuits, jellies, jams and marmalades, ginger ale, amorphous graphite and pig iron.

Now let us take the benefits to different industries in the country. Agricultural products on which we receive direct concessions include live cattle, swine, pork and bacon, cream, milk and cheese, poultry and eggs, horses, honey, barley, oats, buckwheat and feed wheat, mill feeds, mixed feeds and screenings, blueberries, strawberries and other berries, apples and cider, clover and grass seeds, potatoes, turnips, hay, maple products and silver fox skins.

Fishery products of almost every kind are conceded admission to the United States markets on more favourable terms. The most important concessions are those received on fish of the cod family—cod, haddock, hake, pollock and cusk, but valuable concessions have also been received on salmon, halibut, swordfish, mackerel, herring, fresh water fish generally, sturgeon and shellfish.

Forestry products receive concessions on lumber, shingles and many other manu-

factures of woods. The free entry of standard newsprint paper, which is the largest single item of trade between the two countries, is re-bound, and a reduction is made on uncoated printing paper, on hanging paper, and on some classes of tissue paper and crepe.

Mineral products, too, receive better treatment; reductions in duties being made on nickel, aluminium, zinc ore and metal, cadmium, feldspar, talc, certain forms of mica crushed limestone and lime, bentonite, salt crushed stone, firebrick and refractory cement Certain concessions are made on ferro-alloys and many important minerals are bound on the free list. A number of chemicals are bound on the free list or receive reductions in duty.

Manufacturers receive benefits as well. Manufactured products receiving concessions include whisky, patent leather, harness leather, skating boots, gloves made from horse hides or cow hides, hose and tubing of rubber, hose of vegetable fibre, pipe organs, lacrosse sticks, ice skates, woven wire cloth, axles, cast iron fittings for cast iron pipe, iron castings, moulding patterns, chains, electric washing machines, electric stoves, motor boats and yachts, while the free entry of agricultural implements is re-bound.

The fact is, then, that Canadian producers in vast numbers will be benefited by the concessions received from the United States in the new agreement. And may I point out particularly to my hon. friends sitting to the left on the far side that this means increased purchasing power, and increased purchasing power for no part of Canada more than the part from which they come.

Now let us speak of immediate advantages to the consumers, in addition to some advantages that will come in other ways. The consumers of Canada are more numerous than the producers, since every member of the community is a consumer. The consumers number over eleven millions, as compared with gainfully occupied producers numbering some four millions. The consumer as such benefits from concessions that are given rather than those that are received.

Probably the largest single concession to the Canadian consumer in the new agreement is the undertaking, in respect of all the items in schedule I of the agreement, to remove at the earliest opportunity the special excise tax of 3 per cent at present levied upon their duty paid value. This concession will necessarily apply to imports of all these commodities from all most favoured nations. It will involve a very considerable sacrifice of revenue, but consequently a very considerable reduction in the tax burdens of the Canadian consumer. As soon as the necessary legislation is approved by parliament the commodities included in schedule I, coming in from the United States and other most favoured nation countries, will be free of the special excise tax.

Here are some of the other benefits that consumers will derive from the agreement. Let me begin with food products. Important concessions have been made on these. United States fresh fruits and vegetables are made available on easier terms to Canadian consumers in those seasons when domestic products are not on the market, while the Canadian fruit and vegetable grower retains his domestic market in his own producing season. On a large variety of fresh vegetables the basic ad valorem rate is reduced from 15 to 10 per cent. United States oranges are admitted free of duty in the five months from December to April inclusive, while a duty of 35 cents per cubic foot is retained for the remainder of the year. The duty on fresh grapes is reduced from 1½ cents to 1 cent a pound in the period from July to January inclusive. Small reductions are made in the duties on dates and figs, and a reduction from 22½ per cent to 15 per cent is made in the duty on dried fruits, n.o.p. Rates on canned corn, beans and peas are reduced from 2 cents to 1½ cents a pound, and rates on canned vegetables n.o.p. are reduced from 27½ per cent to 20 per cent. Duties on many types of fish are also reduced; for example the rates on oysters in the shell are reduced from 22½ per cent to 15 per cent. In the sugar group a reduction is made in the ad valorem component of the compound duties on confectionery.

In respect of beverages and tobacco, the duty on whisky is reduced from $10 to $6 per proof gallon. The previous duties on cigarettes, $4.10 per pound plus 25 per cent ad valorem, are reduced to $3 plus 15 per cent.

In respect of clothing, considerable concessions are made in the duties on high grade manufactured textiles, such as come to us almost exclusively from the United States where they do not come from the United Kingdom. Duties on unbleached cotton fabrics are reduced from 20 per cent plus 3½ cents a pound to 17½ per cent plus 3 cents, and those on bleached or mercerized cotton fabrics from 22½ per cent plus 3½ cents per pound to 20 per cent plus 3 cents a pound. Moderate reductions are also made on printed or dyed cotton fabrics. The agreement also provides for the complete removal of the specific components of the present compound duties on clothing and wearing apparel n.o.p. of silk, artificial silk, linen and mixed fibres.

The specific duty of 25 cents a pound on knitted garments n.o.p. is removed, leaving an ad valorem rate of 35 per cent, and the duty on socks and stockings other than wool is also reduced. On leather goods there is a reduction from 35 per cent to 30 per cent on leather boots, shoes, slippers and insoles, while the rates on leather belting, leather garments and leather harness and saddlery are also reduced.

Other reductions are made upon various other types of consumers goods, including unbound books, printed matter and stationery, paper and paper products, wall paper, cameras and camera films, motion picture films, various drugs and chemicals, including proprietary medicines, dressings and bandages, soaps and soap powders, watch cases and clocks, sterling and other silverware, motorcycles, pianos and organs, trunks, boxes, handbags and other luggage, school chalk and jewellery.

Of recent years, the Liberal party has aimed throughout at the reduction of duties on the implements of production. I need not remind hon. members of the reductions made under a previous Liberal administration in what came at the time to be known as the Robb budgets, famous particularly for the reduction of duties on implements of production, as being of assistance alike to producers and consumers. It is significant that in regard to this agreement there are also reductions in tariffs on various kinds of producers' machinery and tools. Under the present agreement, from the farmers' point of view reductions are made in the duties on cream separators, dairy and creamery equipment, dairy hollow-ware, manufactured fertilizers of all kinds, sprays and insecticides, root and garden seeds, and practically all the hand tools used by the farmers, fruit growers and dairy men.

The mining industry will benefit from the lower duties on ore and rock crushers, stamp mills, rock drills, coal cutters and other articles of mining and metallurgical equipment. Reductions in the rates on diesel and semi-diesel engines and other heavy machinery will also be useful to the mining industry, as well as to the saw mills.

The lumbering and saw mill industries will benefit from the lower duties on locomotives and cars for use in saw mills. The fishermen will benefit from reduced rates on various kinds of tackle, net floats and steel trolling wire.

I have spoken of the benefit to the consumers, and given a long list of the articles on which duties have been reduced. But let me add the following items on which the Canadian home will also benefit from the reductions on many articles of household equipment. In this list are glass tableware and other cut glass ware, kitchen and other hollow-ware of aluminum, clothes wringers, electric and other refrigerators, furniture of wood or metal, rugs and carpets, linoleum and oil cloth. The Canadian office will gain from the reductions on typewriters and other office equipment.

Still other important reductions are made on raw chemicals, tin plate, stainless steels, steel pipes, aircraft and parts for use in the manufacture of aircraft, dynamos, generators and electric motors of all kinds, electric precision instruments, steel castings and frames for locomotives and tenders, steel pulleys, together with a general cut of fifty per cent in the duties on all unenumerated machinery of iron or steel of a class or kind not made in Canada.

On the whole this new agreement and the associated Anglo-United States trade agreement have been hailed throughout the democratic world, as well as in the contracting countries themselves, with high approval, from the economic as well as from the political point of view. These agreements represent a return to sound economics from the extravagant economic nationalism of the depression period. In each of the three contracting countries they reduce hundreds of duties and raise none. In Canada itself adverse criticism has been conspicuous by its comparative absence, and the reception of the agreements by leading business men and financiers has been almost uniformly favourable.

I have spoken of the economic aspect of this trade agreement, and in conclusion I should like to say a word—not much more than a word—with respect to the political aspect, using "political" in the broad sense of the word, as referring to the international significance of this agreement. Here may I say that in these days, when we hear from some quarters that there is a lack of leadership in Canada, Canadians might well take pride in the fact that it was a Canadian government which was the first to bring into effect with the great republic to the south a trade agreement which involved in world affairs at least a beginning on new and saner lines towards furthering good relations between nations. I think at this time the people of Canada might well be directed to see some evidence of leadership in a course of action by an administration which succeeded not only in effecting trade agreements between two neighbouring countries, one of them their own, of the mutually beneficial character of the two I have cited, but also in action by an administration which led unmistakably to the most important

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trade agreement of modern times, that between the United States and the United Kingdom. I do not stand here and make an unsupported claim for the party I represent that we helped make possible this agreement between Great Britain and the United States. The United Kingdom was the first to acknowledge the service rendered by Canada in that particular. The United States has done the same. During the course of the debate on the address I placed on *Hansard* a communication which I had received at Washington the day the trade agreements between Canada and the United States and the United Kingdom and the United States were signed. That communication thanked the Canadian government, in the name of the British government, for having made possible the agreement which was concluded by them at that time.

I want to emphasize the international significance of these agreements, because now we have to consider not merely the two agreements Canada has made with the United States, but the two agreements that are conspicuously before the world to-day, namely the agreement between Canada and the United States and the agreement between the United States and the United Kingdom. Those agreements are inseparable in the sense that neither could have been effected without the other. It is important to remember that it would not have been possible for us to have extended our own agreement beyond a certain time, except with the good will of the United States. Let it not be forgotten that the first agreement we made with the United States was for three years, subject to termination after that period by either party on six months' notice. Those three years were up on January 1 of this year. We also have a trade agreement with Great Britain, which expires next year. As far as those two agreements are concerned, notice in regard to one could have been given last year, and in regard to the other the agreement with Great Britain, notice of termination might be given this year, to become effective next year. I now ask: Where would this country be in the matter of its future trade if it had not sought to be accommodating when asked to cooperate and had not lent its good offices to those two great countries, who are our principal customers, and to whom we look, so far as trade is concerned, more than to all the other countries of the world combined? Where would we have been if we had not played the part which Canada, above all others, has an opportunity to play in this world to-day, namely that of interpreter, between those two great countries, and so far as possible a conciliator of their differences? I say one of the greatest achievements any government has ever had to its credit is that of having been able to play a part in bringing about a new situation in trade relations between such a great group of nations as Great Britain, the United States and Canada; and, as my hon. friend the Minister of Finance (Mr. Dunning) has just said to me, not only a leading part but a decisive one.

[Mr. Mackenzie King.]

May I point out that before these negotiations took place the democratic countries of the old world were so concerned about the situation in Europe that England and France together asked the then premier of Belgium, Mr. Paul van Zeeland, if he would not undertake a commission to investigate and report on the possibility of persuading the great nations that for the good of the world in general they should seek to remove some of those restrictions on trade which were making for economic nationalism, an economic nationalism which many believed was bringing the world closer and closer to war. Mr. van Zeeland undertook that commission. It was an inquiry into the possibility of obtaining a general reduction of quotas and other obstacles to international trade. He was recently in Ottawa, where he spoke to a number of us with regard to these matters. At that time he said, as he has said publicly in the United States and elsewhere, that there had in the recent past been no contribution made to a solution of the problems of our day that he could think of that was comparable to that which had its outcome in these trade agreements between the United States, the United Kingdom and Canada. His report on international economic reconstruction, which was published by the Carnegie Endowment for International Peace, is quite lengthy. I will not take time to read more than one paragraph. It was written before the United Kingdom-United States agreement had been negotiated:

> In the present state of affairs, the negotiation of bilateral commercial agreements, based on the most favoured nation clause, remains one of the most efficacious methods for reducing tariff barriers. . . . No one would underestimate the effect which would be produced—either directly, in its reaction on the two national communities concerned, or indirectly, in its repercussion on the whole world, by the conclusion, in a spirit of international collaboration, of a commercial agreement covering the wide range, between the two great Anglo-Saxon communities.

That was what Mr. van Zeeland reported as the result of his inquiries in different countries, that one could not overestimate the

advantages to the whole world of an agreement of that character between those two great English-speaking communities could such be obtained. And what Mr. van Zeeland regarded as desirable is exactly what has now been done in an effort to produce a more satisfactory international situation. The Anglo-United States trade agreement could not have been concluded without the negotiation of the Canada-United States agreement and the acceptance by Canada of some modifications in the empire preferential system. Surely we can afford to view with pride a contribution, however slight, to so great an end!

May I now give, as coming with perhaps greater authority than words spoken by me personally at this moment, the expression to the world of the views of the governments concerned in these transactions, with regard to their international significance. On November 17, as hon. members will recall, the Canada-United States agreement and the United Kingdom-United States agreement were signed at Washington on the same day and at the same time. The representatives of the three countries were asked by the president of the United States to speak on that occasion and were thereby afforded an opportunity to indicate what in the opinion of these governments was the international significance of the agreements. If the house will pardon me I shall place first on the record a part of what I said on that occasion on behalf of the government of Canada, as expressing our conviction and what I believe is the conviction of the people of Canada with respect to the international significance of the agreements. I said:

On the earlier occasion—

Referring to the agreement of 1935—

—I also expressed the view that the benefits of our agreement would not be confined to trade. They have not been so confined. It is no exaggeration, but the simple truth, to say that the relations between the United States and Canada have never been happier than in the three years that have elapsed since November, 1935.

To-day's ceremony, has, fortunately, an even broader significance than that of three years ago. We have also just witnessed the conclusion of a far reaching agreement between the United States and the United Kingdom. There will be in Canada genuine satisfaction that in facing the problems of to-day the two countries, with whose fortunes those of Canada are so closely linked have effectively strengthened the friendly relations which have long prevailed between them.

It must be increasingly apparent that the stability of the civilization we cherish depends more than ever on the friendly association of the great English speaking nations of the old world and the new.

That statement is unquestionably true, and it is a very significant statement.

We cannot but be impressed by the fact that the occasion of our coming together to-day has been, in part at least, determined by the willingness of the sister nations of the British Commonwealth to facilitate a trade agreement between the United Kingdom and the United States. Our satisfaction at the conclusion of these long and arduous negotiations is all the greater because the agreements which have been reached are in no sense exclusive. Indeed their effects will be to remove many obstacles from channels of world trade. Their benefits will extend far beyond the limits of the three countries immediately concerned.

We cannot too earnestly hope that they will provide to other countries an example of the mutual advantages which flow from the broadening of trade relations not only in the realm of material well-being, but in the wider sphere of human understanding and good will.

I wish now to give to the house, in regard to the international significance of the agreements as viewed by the United States, the words of Mr. Cordell Hull, Secretary of State for the United States. I believe it would be impossible to cite any person whose words are more deserving of careful thought and consideration at this time. Mr. Hull said:

The two documents are of historic significance. Not only do they provide an instrument for an expansion of valuable commerce between the countries concerned, but they constitute an expression of determination on the part of three of the world's largest commercial nations to maintain and strengthen a sound and healthy basis of international trade. The conclusion of the two agreements is a forward stride of surpassing importance in the direction of a firm establishment of non-discriminatory treatment as the foundation of international trade relations.

These agreements furnish concrete and powerful support for a future trend of world developments along the lines of increasing understanding and cooperation among nations; of peace built upon order under law; of expanding international trade based upon fair dealing; upon equality of commercial treatment; and upon stability of those business conditions which are necessary if private enterprise is to flourish and thus to enhance the economic prosperity of each nation. Through the conclusion of these agreements, our three nations have given a new vitality to the basic principles of a civilized world order, the acceptance and application of which are indispensible to economic well-being and social security within nations, to peaceful relations between nations, and, therefore. to the continued advancement and progress of mankind.

I wish now to quote the words of the British ambassador, speaking in the name of the British government:

I wish to join with the Secretary of State in the expression of deep satisfaction at the conclusion of these agreements. The agreement which we have just signed relates firstly to the trade between the United Kingdom and the United States of America. It also relates

to the trade of the United States with Newfoundland and the numerous territories which constitute the British colonial empire. We are glad that at this same moment the Dominion of Canada has signed a new trade agreement with the United States based on those principles which govern our own. And we gratefully acknowledge the contributions made by the dominions and India in order to facilitate the conclusion of our agreement.

As it is, the extent and variety of the trade covered are very great.

And then in conclusion:

On this sound and healthy basis trade will be facilitated, the prosperity of our peoples increased, and the arts of peace encouraged. I share fully the sentiments expressed by the Secretary of State as to the promise for improvement in relations among nations which grows out of international negotiations of the kind which have been so happily concluded between our two countries.

May I supplement the words of the British ambassador by these words which appear in a cable which came to me as Prime Minister of Canada from the Secretary of State for Dominion Affairs in London, and which was received at Washington at the time of the signing of the agreements:

On occasion of to-day's signature United Kingdom-United States trade agreement I should like to express again to Canadian government cordial appreciation of their readiness to facilitate our agreement with the United States by consenting to such modifications of their rights under their existing trade agreement with the United Kingdom as were necessary to enable it to be concluded. It is our confident hope that agreement now signed together with complementary agreement between Canada and the United States which is being signed at same time will assist substantially in reducing barriers to trade and will thereby prove a real contribution to world appeasement.

In the opinion of this administration, we in Canada, because of our democratic and peaceful outlook upon world affairs and also because of our position as one of the world's largest traders with much to gain from the extension of world trade, were bound both by our sentiments and by our economic interests, to join with the two larger English-speaking democracies in promoting a policy of Anglo-Saxon friendship and of international goodwill. A policy of national self-sufficiency is out of the question for Canada which is peculiarly in need of international trade because of its enormous production of primary commodities and its relatively small population. Thus we cannot, like some other countries, pursue a policy of producing all that we consume and consuming all that we produce. Our whole economy, the prosperity of our vast wheat areas, our mines and forests and fisheries, and our far-flung transportation systems, are based upon the continuance of international exchange of goods on a great and growing scale. The restriction of international exchanges involves a declining standard of living, as the totalitarian nations have found to their cost. The increase of international exchange of goods involves a rising standard of living, not for ourselves alone, but for all peoples that are ready to join with us in removing the obstacles which at present obstruct the free course of international trade.

Canada, then, on both political and economic grounds, is committed to a policy of peace and goodwill, and of freer exchange with countries which will meet us half way. More especially are we committed to such a policy in dealing with the countries with which there can be no question of the disturbance of good political relations, particularly the countries included within the British empire, together with the United States. Nearly nine-tenths of all our international trade is already conducted with the British empire and the United States, and a considerable part of the remainder with the smaller democratic countries of Europe. Indeed, if it had not been for our empire and continental relationships, we should, as I have already said, have fared much worse than we actually did during the great depression.

So far as greater freedom of trade is concerned, we are always willing to add to these countries, other countries prepared to trade with us on a reciprocal basis, whether they be countries whose policies are guided by the same democratic ideas, such as France, the Scandinavian countries, Holland and Belgium, or countries with domestic policies differing from our own. We do not regret that such countries may derive some incidental benefit from the operation of the agreements recently concluded. We feel that if we take rather more of their products, they will take more of ours.

It is to be remembered also that the agreements command the full support of the other chief countries of the British commonwealth. In the old days it used to be claimed by some that in matters of trade Canada had a choice between the United Kingdom or the United States. Now we have chosen both. Our trade agreement with the United States has the full approval of the United Kingdom, and our preferential trade agreements with the United Kingdom and other empire countries have the full assent of the United States. We have made the best of both worlds, and have assisted the United Kingdom in securing freer access to the markets of the United States. Once again we have played the part of reconciling and interpreting the two great English-speaking nations to each other. The making of these agreements, especially when the world

situation is so precarious as it unfortunately is, is an achievement of superlative importance, which will have its repercussions throughout the world in the next generation. In the present, each of us sleeps more safely in his bed because of the rapprochement between the world's two greatest democracies, a rapprochement that could not have been effected without the assent and the cooperation of Canada. If this administration were to end to-morrow, it would have its honourable place in world history on this score alone. That is the broad fact of the present situation. Like Canning, we have done our indispensable part to call into existence a "new world to redress the balance of the old."

It has been truly said that economic insecurity and depression are major causes of internal disorders and of international friction and economic warfare that sometimes develop into military warfare. Such insecurity and depression are frequently caused by excessive trade obstacles that prevent citizens of one country from exchanging products with the citizens of other countries. Removing excessive trade barriers, and thus permitting a greater exchange of goods to contribute to economic prosperity and security, is clearly a means of avoiding some of the deep-rooted causes of military warfare.

The trade agreements concluded between Canada and the United States, and Great Britain and the United States constitute the one outstanding contribution of our times toward economic disarmament. As such, they have immeasurably helped to create a basic situation more favourable to peaceful relations between nations. Let us say in conclusion, the agreements are proof of the feasibility of working out fair and friendly adjustments in the economic field which lessen the friction of conflicting interests and remove the risks of international misunderstanding. They represent the attainment of an objective in substantially reduced barriers to trade, toward which the commercial policy of the present administration has been steadily directed. It is deeply gratifying to the government that in our efforts to ensure, over a longer period of time, the advantages of wider markets to producers, and the advantages to consumers secured in the trade agreement of 1935, we were able, in a still wider arena, to further not only the ends of commerce and trade but the all important ends of international goodwill. No more important contribution toward a new order of relations between nations has been made at this critical period in the affairs of the world.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I shall take only five or ten minutes to-day, because it is understood, following the custom with regard to trade treaties, that there shall be an adjournment for a few days. The Prime Minister (Mr. Mackenzie King) mentioned this last evening.

I have listened with a good deal of interest to the speech of the Prime Minister, particularly to the last part. The first part of his speech was largely a political stump speech in which he brought out the story of the by-elections held during the past three or four years. Naturally he picked out those which were favourable. He made a very good story of it and I have no quarrel with it. If I wished I could deal with a couple of by-elections, such as the one at St. Henri, which certainly did not depend upon the trade treaty, and the one at Waterloo South, which did. However, I do not intend to waste the time of the house on those matters; I shall endeavour to speak entirely on the merits and demerits of the trade agreement.

The right hon. gentleman's peroration was largely oratorical, as is usual when he makes a speech of this kind. It was very well done, but I find myself just a little puzzled as to how he could get so enthusiastic over the peace which has been brought about between Canada and the United States. I think all hon. members of this house, and Canadians outside the house whose memories go back a number of years—my good old friend to my right can take his memory back perhaps fifty or sixty years—can remember many after-dinner speeches referring to the three thousand mile boundary line between Canada and the United States without a gun or fort of any kind on either side. So many speeches of this kind were delivered that most people reached the stage where they were sick and tired of listening to any mention of this "three thousand miles of undefended frontier". They were not sick and tired of the magnificent example which Canada and the United States has given to the world, but they were a little tired of listening to all this talk about it.

Going back into history, I cannot recall any time since 1812 when there has been any difficulty between Canada and the United States. This treaty, therefore, did not do much to bring about peace between Canada and the United States. So far as Great Britain is concerned I can remember an incident that occurred in 1913 when travelling by boat from Los Angeles to Vancouver and

Victoria, I was in a group of Americans. As Canadians and Americans are very much alike, they took me to be a United States citizen and talked quite freely in my presence. At that time there was some little difficulty between the United States and Japan, the former having passed certain laws in connection with properties in California which were not pleasant to the Japanese. I well remember how pleased I was at the attitude of the Americans. They said that if there was any difficulty between the United States and Japan they knew they could count absolutely on the friendship of the United Kingdom.

I can remember pleasant relations springing up between the United Kingdom and the United States. It is quite true that the delightful relations which have existed between Canada and the United States for a hundred years did not exist between the United Kingdom and the United States much before the beginning of this century. But for the last thirty-five years at least there has been no indication of any trouble between the United Kingdom and the United States. An American senator said some years ago that the thought of war between the United States and Great Britain was absolutely repugnant to the people of the United States.

I mention this because it is the attitude that has existed for many long years. I do not want to puncture the bubble the right hon. gentleman has been blowing, but at the same time I do not think it is necessary to get quite so excited about the marvellous peace treaty which has been negotiated by the right hon. gentleman to keep the United States and Canada and the United States and Great Britain from going to war.

I do not intend to go on any longer to-day. There is nothing unusual or unfair in what I am proposing as to adjournment of the debate. When the empire trade agreements were introduced by Mr. Bennett on October 12, 1932, the right hon. gentleman who is now Prime Minister was then leader of the opposition, and he took an adjournment of five days from October 12 to October 17. When the Canada-United States treaty of 1935 was introduced on February 25, 1936, the leader of the opposition of that time, Mr. Bennett, took an adjournment of three days. I am going to suggest that, with the consent of the right hon. gentleman, the government and the house, we be given the same adjournment that Mr. Bennett got at that time, namely three days, instead of the five as in 1932, in which event the debate would be continued on Friday next. With that suggestion I move the adjournment of the debate.

[Mr. Manion.]

Mr. MACKENZIE KING: May I say at once to my hon. friend, as I said last night, that whatever would most oblige him the government will be happy to afford. This debate, then, will continue on Friday.

Mr. MANION: Unless the Prime Minister would prefer it to go over to the beginning of next week.

Mr. MACKENZIE KING: No.

Mr. MANION: Whichever will suit him.

Motion (Mr. Manion) agreed to and debate adjourned.

BUSINESS OF THE HOUSE

PRECEDENCE FOR GOVERNMENT BUSINESS ON AND AFTER WEDNESDAY, FEBRUARY 15

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on and after Wednesday the 15th February next to the end of the session, government notices of motions and government orders shall have precedence on Wednesdays over all business except introduction of bills, questions by members and notices of motions for the production of papers.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I hope the government will not press this motion. So far the private members have had no opportunity whatever of introducing any of their resolutions. It may be said that there has been a debate upon the Bren gun matter which has taken considerable time, on a motion introduced by a private member. On the other hand the government itself was prepared to refer that matter to the public accounts committee, and hon. members on the government side took their full share in the debate. I cannot see, therefore, that private members can be accused of delaying the ordinary business.

It seems to me there is a danger that this house will be enabled to consider merely government business. The supporters of the government, who are in the vast majority, seem to be content, largely, to let the government bring forward whatever measure it pleases; we in the opposition are reduced to the position of simply criticizing what the government brings forward, and when the government does not bring forward a great deal we are in rather a hopeless situation. There are certain matters which we believe are of great interest to our constituents, and which we should like to discuss. I do not think that at this stage of the

session we should have Wednesdays taken from us. I ask that the government do not press this motion.

Hon. R. J. MANION (Leader of the Opposition): I support the remarks of the hon. member (Mr. Woodsworth) who has just taken his seat. As a matter of fact I do not suppose the Prime Minister (Mr. Mackenzie King) expected that his motion would carry to-day. It is my recollection that all governments, when first they make this motion, expect it to carry with effect about two weeks later than the day they originally propose.

An hon. MEMBER: No.

Mr. MANION: That has been my experience in the many sessions I have sat here. At any rate I think the hon. gentleman who has just spoken has very good grounds for saying that, owing not to the fault of the government but to other circumstances, private members have been crowded off the board. I support him and ask the Prime Minister to postpone the motion a little longer.

Mr. J. H. BLACKMORE (Lethbridge): I support the stand of the leader of the Co-operative Commonwealth Federation (Mr. Woodsworth). It seems to me there is developing in Canada the attitude that when people express the opinions of their particular constituencies they are wasting a good deal of time. All we need to do is to remember from what the word "parliament" is derived, and it will begin to set us right along this line. All we need to do is to remember that there are two or three nations which have completely dispensed with the disagreeable necessity of having people talk politically at all, and we can see the direction in which, probably, we are going. I have no desire to see any of the time of parliament or of the country used in vain, but for centuries it has been the policy of British peoples to allow all the people to have their say.

Since I have come into this house, and since the group with which I am associated have come here, we have studiously avoided taking part in discussions to which we felt we could make no worthwhile contribution. It has been evident, I believe, to all who have willed to notice it, that we have contributed very little to this Bren gun confab. That is in accordance with our policy. Speaking for my own group, we came here with a message to deliver, and the day will come, sir, when it will be realized that the message this group came to deliver is a message which should have been listened to long ago. For the day will come when it will be realized that here—

Some hon. MEMBERS: Order.

Mr. BLACKMORE: —lies the solution of the difficulty. Probably, Mr. Speaker, I am out of order.

Mr. SPEAKER: The hon. member must keep to the motion before the house.

Mr. BLACKMORE: We just wish to back up the stand of the two hon. members who have spoken, to the effect that we should not be denied the privilege of using private members' day.

Mr. A. W. NEILL (Comox-Alberni): I wish to add my voice to the protest which has been made by those opposing this motion —which is just another instance of the ever-present and continual attrition which is taking away the rights of private members, which are really the rights of the common people, to express themselves. The actions and privileges of private members are sufficiently curtailed now, and hardly a session passes without an attempt further to curtail them. One of the most important privileges the private member, as representing the common people, possesses is the right of bringing in resolutions and having them debated and possibly voted on. At least that used to be one of the privileges, but it is being restricted more and more. I often wonder why the government—all governments, whichever happens to be in power—are so much against this; because it is the best way for them to hear and to get an insight into the wishes of the people, and that government is always wisest and most successful which keeps its ear to the ground and informs itself of the wishes of the people and keeps a little bit ahead of public opinion.

For our own protection, and largely for the protection of the larger parties in the house, we framed a lot of what we call standing orders—quite a big volume; there are 130 of them—and they are very strictly and rigidly enforced as regards the rights of the two major parties. But when it comes to the rights of the groups and of individuals it is quite a different matter. No rule can be amended affecting the rights of the two major parties in the house on the conduct of public business without having a committee of the house, which generally has to be unanimous, to agree on the change. But anything in connection with the rights of private members can be done by a mere vote in the house any day, upon the leader of the government giving two days' notice.

There used to be no limit upon the length of speeches of hon. members in the house.

That was changed and the time was confined to forty minutes. It is a very severe restriction.

An hon. MEMBER: Too long.

Mr. NEILL: We have a standing rule, number 15, which lays down very strictly the program for the complete week. It defines what shall be taken up on Monday, on Tuesday, and so on, and that procedure is very strictly adhered to. There would be a nice fuss if there was any proposal to deviate from it without unanimous consent. But in connection with this matter, the right of private members to bring in resolutions, it does not need general consent at all. The program as laid down provides that Monday shall be devoted to the introduction of private members' resolutions. Wednesday is only a half day and private members have Thursday for the first four weeks. But that is only a trick of language, because as a matter of fact it is not four weeks, but only three weeks. The first Thursday cannot be counted because private members cannot discuss any resolutions on that day. Why not be honest and call it three weeks? That was thought reasonable at one time and perhaps it was then, but the gradual increase in the number of groups suggests that greater opportunity should be afforded for private members to debate matters in which they are interested. After a time the government moves that one of the days allotted to private members each week be discontinued, and a little later another day is taken away. This means blocking discussion.

Before last session I placed a notice on the order paper at least six weeks prior to the meeting of the house. Under ordinary conditions, in any company or public board, notice of that length of time would be sufficient to get a motion heard; but although I placed my motion on the order paper six weeks before the house met it had only reached the top of the list, about to come on for discussion, when the Prime Minister rose and moved that all further private members' days be taken away. This year I thought I would make sure and I therefore placed a resolution on the order paper three weeks after the close of the house. That surely was plenty of time. On July 25 I sent the notice in. Now I am second on the list and my resolution may or may not be heard. I do not think it will be. And twenty-five members with resolutions below mine cannot possibly be heard. Thursdays we have already lost because we debated the speech from the throne and the Bren gun for three weeks. But we discussed the speech from the throne on the motion of the Prime Minister that it should take precedence, though he was well aware that in that way we were going to be deprived of three or four Mondays and Wednesdays. In the British Columbia legislature it is the custom—it is very frequently done, at any rate—to have a member or two speak on the address and then adjourn that debate and go on to some other public business on the order paper. But that was not done here; it never is, and in that way private members' days are taken away and they have no opportunity to discuss resolutions in which they are interested. The Prime Minister is now taking away one of the private members' days before we have had, even for one day, the opportunity to which we are entitled. This is the first time it has ever happened. We have not had a private members' day so far this session, and now, as the scripture says, the government is taking away the semblance of the privilege—"that which he seemeth to have." That is not democracy.

We have heard before, and I am sure the Prime Minister will tell us again, that there are a number of other opportunities available to us. One of these is the occasion when estimates are in committee of the whole. We are told that we can then deal with any subject in which we are interested. But that is limited by the fact that in committee there is a strict rule which provides that speeches in committee of the whole must be relevant to the item or clause under discussion. I have been caught in that way before. It may easily be that there will be no item in the estimates under which some particular subject which hon. members would like to discuss might properly be taken up, so that that outlet is closed. The other alternative is the time-honoured one, "Oh well, you can always discuss it on the motion to go into supply," that being the occasion on which under the old British tradition, members are allowed to voice grievances before granting supply. The answer is this. It is a well-known fact, indeed, it is one of the rules, that an amendment to the motion to go into supply constitutes a vote of want of confidence in the government. Can anyone expect therefore that members elected to support the government will take such a step when it might mean the defeat of the government? Still less can you expect the government to extend sympathetic consideration, let alone taking sympathetic action, on a resolution framed in such a way that, if carried, it would mean their own defeat.

That is why I say that we should not be deprived of these opportunities to introduce resolutions for discussion. Very often a resolution is brought in and defeated and on another

occasion it is brought up again. The government hear what is going on and the people of the country become educated in the idea that is advocated and express their views privately to the government. Subsequently it may be brought forward in a more acceptable form and one or other of the parties adopts it as their policy. It is therefore educative and useful.

It may be said that a good part of the session has already gone and we have done nothing. But the address in reply to the speech from the throne is a part of the government's business. Apart from custom, there is no law that makes it incumbent upon the government, when they have little or no business of their own, to adjourn the house. They might go on to private resolutions. But they never do; instead they adjourn the house. There have been two Friday evenings that we could have made use of in the discussion of private members' resolutions, but on both occasions the house was adjourned.

Mr. DUNNING: By unanimous desire.

Mr. NEILL: We had not got into estimates, though that was not through any fault of the government; but the fact remains that the house was adjourned, and therefore two occasions were lost to private members. It will not do the slightest good to protest because the government have a majority and they can make up their mind to do these things, but I add my protest to those that have come from the other groups against having private members' days taken away so early in the session.

Mr. T. L. CHURCH (Broadview): The motion of the Prime Minister (Mr. Mackenzie King) must be considered in conjunction with the larger question of reorganizing the rules of procedure of the house. Private members' privileges are being taken away every year. I have a motion on the order paper and I have no objection to letting it go this year in order to get on with the business, because all these motions might be considered under the estimates; but we have a parliamentary constitution and we have rules, and yet private members have few or no privileges. Some ten years ago and almost every year since I introduced a motion which would have remedied the present situation, and in the last four years I have discussed the subject matter of that motion, namely, the revision of the rules of the house, together with constitutional reform, parliamentary reform, cabinet reform and law reform. It took three hundred years for parliamentary government to attain its present control over the budget and the executive, and in the struggle there was bloodshed. When parties cannot agree there is always trouble. The constitutional changes that have been brought about in the motherland have not come about without a great deal of sacrifice, and where two sides could not agree there was trouble, as in the case of the general strike in 1926 when troops were sent to the docks.

My proposal is that we should set up a committee to study the question of our rules and procedure, and of parliamentary, constitutional, cabinet and law reform, and reform in other directions. We have no control over the constitution or the exchequer at the present time. We are simply conducting post mortem examinations. For example, this afternoon we have been hearing something about an international trade treaty that was passed over the heads of parliament, and of industry and labour. I do not refer in any spirit of criticism to what the Prime Minister (Mr. Mackenzie King) has said, or done because I believe he did at heart what he believes to be right. But, I repeat, we should have a committee on law reform and on House of Commons reform to bring our proceedings up to date. On the order paper there are many bills having to do with the criminal code, bills embodying amendments which private members think should be made. Some of these are proposed by the leader of the Cooperative Commonwealth Federation, and some by other hon. members, and in my opinion there should be a standing committee on legal bills and estimates to which these questions could be referred. There are a number of standing committees to-day. I have been a member of one committee that has not met in years, the public accounts committee. We should revise our ways of doing business and adopt the municipalities' plan of dealing with estimates. The heads of departments sit around a table with a committee and strike off thousands here and there, or perhaps half a million. The deductions are made by all with the officials present as a guide, and—

Mr. SPEAKER: I think the hon. member is wandering from the subject matter of the motion. The motion is to take away Wednesday as a private members' day.

Mr. CHURCH: I accept that ruling, sir; it is quite correct. But I say that this question of private members' days and the motions of private members on the order paper should be referred to some committee of the house, and the rules and regulations should be amended.

Right Hon. W. L. MACKENZIE KING (Prime Minister): A good deal has been said on this motion with respect to the rights of private members. Odd as it may seem, I

think something ought to be said as to the rights of the government. I must say in reply to hon. members opposite that I have most in mind at this moment what I think the people of this country will expect me to say. In the first place may I point out that it is over a month since this parliament assembled. In that time the government has not been able, until to-day, to bring forward a single government measure. That has not been the fault of the government but has been due to the fact that the entire time has been occupied by private members speaking in the debate on the address in reply to the speech from the throne and on the motions with respect to the Bren gun contract. It has been due to another fact, namely that while the government have sought in a courteous way to secure the cooperation of hon. members opposite in expediting business we have had no cooperation, but opposition. The hon. member for Comox-Alberni (Mr. Neill) has spoken about the adjournments which have taken place on Friday evenings. I asked hon. gentlemen opposite early in the week if they would not allow us to go into supply in one of the departments that we might have a chance under the rules to take up supply on Fridays, as is customary in this house. Hon. members know that for years past, in fact for all time, it has been a general custom of this house to reserve at least part of Fridays for discussion in committee of supply. But though the request was repeated later on we were refused that opportunity. That is one of the reasons why we did not sit on Friday night.

Mr. MANION: You could have brought up your other business.

Mr. STEVENS: Half a dozen resolutions.

Mr. MACKENZIE KING: Supply was the important business.

Mr. MANION: So are the others, or they should not be on the order paper.

Mr. MACKENZIE KING: My hon. friend knows very well which is the most important business. Getting on with supply is one of the major obligations of a government. At the end of the session there is an outcry if the government have a great deal of supply left. I do not know whether hon. gentlemen opposite are framing their program in such a way that that may be the position when we get towards the end of this session, but if it is the position it will be entirely their own fault, not the fault of the government.

Mr. STEVENS: That is not fair.

Mr. MACKENZIE KING: It is perfectly true. We have not had opportunity thus far to get into supply at all.

Mr. STEVENS: That is not correct. At any time the government, with its huge majority, could have adjourned any debate and gone on with any business.

Mr. MACKENZIE KING: We could not have adjourned the debate on the address in reply, because a motion was carried by this house that it should have precedence over everything else. And I ask hon. members what would have been said of the government if we had, as suggested, adjourned the Bren gun debate.

Mr. STEVENS: You did adjourn it.

Mr. MACKENZIE KING: However, I am not anxious to get into any controversy or argument; I am simply stating the plain facts. I ask myself, what do the people of this country expect the government to do? Do they expect the government to be governed by private members, or by its own appreciation of the necessity of doing the business of this country?

Mr. STEVENS: To be governed by parliament.

Mr. MACKENZIE KING: We have been sent here for the purpose of carrying on the business of this country. The business of the country is not primarily private members' motions, it is the business which the government brings forward.

I come to what the hon. member for Lethbridge (Mr. Blackmore) said, because I agree that this whole situation has a much larger significance than appears in this resolution. He said to-day that many assemblies in the world have been swept out of existence because the people thought they had become incapable of carrying on the business of government. That was his statement. There are a great many people in this country who are busily at work trying to develop a similar agitation against democratic government. I could direct his attention without much difficulty to agitation in some quarters to have it appear that this country is without leaders, that parliament is incapable of carrying on business and that we should have something different. It would be very easy to have the people content to slip into the fascist method of doing business should the country be given the impression that the government, because of the time taken up by private members, has no opportunity to go ahead with the business of the country.

The hon. member for Winnipeg North Centre (Mr. Woodsworth) says they have been denied four private members' days this session. We have been denied, by the discussions that have taken place in this house, nine government days.

Mr. HEAPS: That is not quite correct.

Mr. MACKENZIE KING: That is perfectly true. Look at the rules of the house which provide certain days for government business. We have not been able to touch government business on those days set apart as government days. Nine days have gone, some at least of which we should have had for government business.

Mr. MANION: Was not the Bren gun matter government business?

Mr. MACKENZIE KING: It is not government business at all.

Mr. MANION: It should not have been.

Mr. MACKENZIE KING: An hon. member made a motion to refer the Bren gun contract to the public accounts committee. The government accepted that motion, and the motion should have carried then and the matter sent immediately to the public accounts committee. The time for the discussion, under the rules of the house, would be when the report of the committee came back. Hon. gentlemen would have had all the time they wished at that time to discuss the matter. No one knows that better than my hon. friend.

Mr. MANION: No, I do not know any such thing. The time to discuss it was the present time, if we desired to discuss it. That report was the result of a thorough investigation.

Mr. MACKENZIE KING: After voting twice against the motion, my hon. friends turned around and supported the motion.

Mr. MANION: I did not vote against it. I voted for our own amendment, that is all.

Mr. MACKENZIE KING: Another thing I wish to point out. There are two houses of this parliament, the Senate and the House of Commons. The cost of carrying on the work of parliament relates to both houses. Now thus far this session the senate, through no fault of the government, has had no legislation at all from this house. We have been unable to send any legislation across to the other house. They are adjourning again, waiting for legislation from this side. Private members' resolutions do not go to the other house.

Mr. MANION: Why not start a little business over there as well as here?

Mr. MACKENZIE KING: Each house manages its own affairs. It is part of my obligation, and I do it in no critical way, but from a sense of duty, to point out some of the circumstances governing this situation, which are responsible for the rules of the house being what they are. The rules of the house are to protect all hon. members, and by following them carefully and literally we shall get along much further with both private and public business. What I wish to make perfectly plain at this moment is that the government have been sent here by the people of Canada to carry on the business of the country, and the first duty of parliament is to get on with that business, no matter what anyone may say or wish. When private members, whether through resolutions or any other circumstances whatever, occupy the entire time of parliament so that it is impossible for the government to get on with a single measure, then I say the time has come for the government to take such action as is necessary and imperative to see that it can get ahead with the public business.

I have no desire to be arbitrary in this matter. If it will assist in restoring a sense of cooperation at the present time I have no objection to changing the date in this resolution from the fifteenth to the twenty-second. I think, however, that is as far as we should go at the present time. Monday still remains for a consideration of private members' resolutions. I have before me a record of the number of Wednesdays that elapsed in other sessions before the government took over that day, and I find several years in which there were only four. The record is as follows:

	Days
1931	4
1932	4
1933	3
1935	5
1936	3

And so it goes.

Mr. NEILL: But in no case has Wednesday been taken away before we ever had a single day's discussion.

Mr. MACKENZIE KING: I have not gone through *Hansard* to see, as my hon. friend will probably understand. But may I point out that when the government does get on with its own business there is opportunity at those times, as has been pointed out, for private members to discuss many of the matters contained in their own resolutions, matters which are of great public

concern. There is nothing which restricts private members from debating every question of government business.

My hon. friend speaks of the number of resolutions and says many of them will not be reached. When we find difficulty in discovering a proper procedure under our own rules we very often go, in fact it is one of the rules that we should go to the parliament at Westminster and see what procedure is followed there. What is done at Westminster with regard to private members' resolutions? Do they try to run through all that appear on the order paper and debate every resolution? They do not. They have a ballot; a limited number of resolutions are selected by ballot, and those are the only ones permitted to be taken up. If the rules and practices at Westminster were studied you would see wherein the present administration has been, if anything, more than lax in not insisting before this on the right of the government to get under way with its own business. It is not with any desire to curtail the opportunities of private members that I am asking the house to accept this resolution with the date amended to the twenty-second; it is simply because I know only too well that before this parliament ends every hon. member will be anxious enough to get through with government business as rapidly as possible.

Hon. H. H. STEVENS (Kootenay East): I certainly must correct the Prime Minister (Mr. Mackenzie King) in some of his statements. Let me say to him at once that I do not object very seriously to the practice of taking away Wednesday some time after the session has moved along and an opportunity has been given for the discussion of private members' measures, and later in the session taking away Monday, as is usual. But in the present instance I do not think the right hon. gentleman has been quite reasonable in his attitude.

In regard to last Friday, the government had on the order paper a bill regarding pensions, one with respect to fisheries, a resolution concerning the granting of $100,000 to the city of Ottawa, a resolution regarding the penitentiaries commission, a resolution concerning technical education, and I think also the resolution regarding the national film board. These were all before us on the order paper; they were reached; any one of them might have been called. The Minister of Pensions and National Health (Mr. Power) had his bill under consideration for some considerable time and then the discussion was adjourned because of questions that were put to him from his own side as well as from this side of the house. The minister, I think quite properly, let certain clauses stand, but there was no obstruction or difficulty; substantial progress was made. Then the resolution of the Minister of Finance (Mr. Dunning) with regard to authority to appropriate $750,000,000 was discussed and adjourned by the government. We could have gone on with that if the government had wished so to do. All these measures were there to be gone on with, last Friday.

Mr. MANION: The government was not ready.

Mr. STEVENS: Not only that; in other years I have seen it happen in the early part of the session, when the government business was not ready, that we would go right through the order paper to private members' resolutions. The Prime Minister repeatedly said that the government had been prevented from getting on with its own business. Control of the house is always in the hands of the government, and from my recollection that was never more so than it is to-day, having regard to the government's huge majority. The Prime Minister asks what we would have thought if they had suggested adjourning the debate on the address after passing the resolution at the commencement of the session that it should take precedence over all other business. That is the regular resolution, but it was not necessary. Four or five years ago we debated the speech from the throne over a period of weeks but as an ordinary item on the order paper, without a resolution establishing precedence.

Mr. MACKENZIE KING: Did my hon. friend approve of that?

Mr. STEVENS: I did not; generally speaking I prefer the present method. But there was nothing at any time to hinder adjournment of the debate by the government for the purpose of taking up any other matter. Certainly there was nothing to hinder adjournment of the Bren gun discussion at any time and the taking up of other orders of business. I want to make it abundantly clear that on Friday night the government were not prepared to go on with their business and that so far as we were concerned, there were five or six items which could have been proceeded with. We were quite willing to go on. In fairness to the Minister of Justice (Mr. Lapointe) I must add that I believe there was a sort of understanding on Friday between the whips that the house should adjourn at six o'clock.

Now that the Prime Minister takes the attitude he does I think we should make it perfectly clear that had any such wish been

expressed by the government we would have been quite willing to proceed with the business. My hon. leader was not here but I know that my colleagues and myself would have gladly agreed to go on. I am not reproaching the government for what it did, but I do say the Prime Minister is not treating the house fairly in seeking to lay the onus for all this on the shoulders of those who sit on this side of the house, because there was an abundance of government measures to proceed with had they so desired.

As to the suggestion that we are to have supply backed up until the end of the session, once again that is in the hands of the government. During the coming months they may do as they wish in connection with supply; and to say, after the house has been sitting for four or five weeks, that there is any question about the discussion of supply is drawing a pretty wild bow.

I suggest to the Prime Minister that it is not reasonable to ask this. He has consented to let the motion stand for a week. I think it would be quite proper to question it even then, because under the rules there is plenty of opportunity for government business to be proceeded with.

Mr. CHURCH: Mr. Speaker—

Mr. SPEAKER: The hon. gentleman has already spoken on the motion.

Mr. CHURCH: I have just a brief question. Would the right hon. gentleman kindly give consideration later to the various suggestions advanced to-day with regard to the appointment of a small committee to revise the rules of the house concerning these matters and the functions of private members. As Edmund Burke says, "a private member is the connecting link between the government of the day and the electorate, and when he ceases to function, parliament is at an end."

Mr. MACKENZIE KING: I shall be glad to consider the suggestion made, and also to see what Edmund Burke says.

Motion as amended agreed to, on division.

ROYAL VISIT TO CANADA

REFERENCES TO THE KING IN CERTAIN UNITED STATES PERIODICALS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask a question of the Postmaster General (Mr. McLarty) of which I gave notice yesterday. My question is with reference to the visit of their majesties, and with reference to certain publications which appear on news stands and reading rooms throughout the country. I refer directly to *Scribner's* magazine of February 11, particularly to page 16, a copy of which I gave to the Postmaster General yesterday. In that publication there is a statement that our king is a usurper, that he was a weak personality and only on probation, and that he is not the legal occupant of the throne. The article makes use of many other epithets which I know every Canadian would resent. Further, the text of the article was sent to Canada in a dispatch of a United States newspaper group, and was published in many Canadian daily papers.

Under the rules of the House of Commons no member may speak disrespectfully of his majesty or of any member of the royal family; yet periodicals, which have been commented on in England, are circulating here. *Scribner's* went farther in this article and published a lot of pictures from the *Chicago Tribune*—a mere invention.

Mr. SPEAKER: Order. I would ask the hon. member to put the question directly to the minister.

Mr. CHURCH: I should like to give the name of the author of the article. His name is Joseph Israel II, a publicist agent, with offices in the Empire State building, New York City. I would ask the Postmaster General to look into these articles and to prohibit them throughout Canada, as has been done in England. The king is beloved, and in time will equal his father in real qualities as a ruler.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I answer the hon. member? The Postmaster General (Mr. McLarty) was in the house a moment ago, but is not in his seat at the present time. I shall direct his attention both to the question and to the speech of the hon. member.

REPORTED INVESTIGATIONS BY MOUNTED POLICE RESPECTING PAST CANDIDATES FOR PUBLIC OFFICES

On the orders of the day.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): In this evening's Ottawa *Journal* appears a news item which is rather perturbing, as follows:

Special representatives of the R.C.M.P. are engaged in various parts of the country where the king and queen will visit checking up persons who have run for public offices in recent years, according to information given to the *Journal*. It is believed the purpose is to

be posted on certain candidates whose election speeches and activities indicated views of an extremely radical tendency.

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: Hon. members laugh, but I suggest there is something here which is rather serious. I can quite understand that their majesties' persons must be protected, but this does not seem to relate to that. I am asking the government if instructions have been given to check up people because of their political views, and especially people who in the past have run for public office. I cannot quite understand it, and I think we ought to have a statement.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I suppose I shall take the remarks of the hon. member as a notice of motion, and will inquire about what is at the bottom of it. I can assure him however that he will not be among those over whom supervision will be exercised.

BREN MACHINE GUN CONTRACT

COST OF INQUIRY—ACCOUNT OF L. A. FORSYTH, K.C., ASSISTANT GOVERNMENT COUNSEL

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Justice (Mr. Lapointe). In view of the Bren gun contract debate, which concluded last evening, and in view of the statement of the costs of the inquiry as being, up to February 1, about $15,000, is it true, as stated in the Ottawa *Journal* of this morning, that L. A. Forsyth, K.C., of Montreal, one of the assistant government counsel in the inquiry, has submitted an account at the rate of $200 per day and expenses, amounting to $10,000?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I will make the same answer to the hon. member.

REQUEST FOR TABLING OF CABLEGRAMS REFERRED TO IN DEBATE

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I should like to ask the Prime Minister (Mr. Mackenzie King) if he will have laid on the table of the house the originals or copies of the two cablegrams which were read last night by the hon. member for Selkirk (Mr. Thorson).

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am afraid the hon. member has not in mind just what was read. It was not a cable. I think the document to which the hon. member refers was a statement prepared by the deputy minister of national defence.

Mr. CAHAN: No; I had in mind those referred to and quoted at page 892 of *Hansard*. One was a reply from the war office on a certain day, and then apparently there was another reply from the war office on another day. Both are quoted, but only in one instance is the date given. The documents are not placed before us so that we can understand their relationship to other documents exhibited before the commission of inquiry.

Mr. MACKENZIE KING: May I say to the hon. member that all the documents were placed on the table, and the ones he refers to must be among the number. They are exhibits.

Mr. DUNNING: They are exhibits of the inquiry.

Mr. CAHAN: They do not purport to be exhibits.

Mr. DUNNING: Yes, certainly; they are numbered in each case.

LABOUR DISPUTES

INQUIRY AS TO GOVERNMENT MEDIATION IN CONNECTION WITH STRIKES IN KITCHENER

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I put a question, of which I gave notice, to the Minister of Labour (Mr. Rogers), and in his absence to the government? In view of the strike of the employees of the Dominion Tire Company on February 8, which was joined yesterday by the employees of the Merchants Rubber Company, both of Kitchener, Ontario, I desire to ask the government whether they have been requested to use their good offices to negotiate in this matter, or have offered to mediate, and if so what replies have been made or received?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am afraid I cannot answer the question at this time. The Minister of Labour (Mr. Rogers) is not now in the house. No doubt he will be able to give the hon. member an answer to-morrow.

GERMAN ALLEGIANCE

DIPLOMATIC ASPECTS OF APPEAL TO CANADIAN CITIZENS FOR RELIEF ASSISTANCE

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I should like to know if the house is aware that an appeal for the German national winter relief fund has been issued by the German consulate in Vancouver to Canadians of German origin, urging them to give tangible proofs of their unity with the homeland, and their support of the reunification of Austria and the Sudetenland with the German Reich. If so, does the government intend to deal with this action as a violation of diplomatic privileges?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I shall have to look into the question of the hon. member to see what is involved or implied before making a reply.

SUPPLY

DISTRIBUTION OF SEED GRAIN IN WESTERN PROVINCES—STATEMENT OF MR. T. C. DOUGLAS

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

Mr. T. C. DOUGLAS (Weyburn) Mr. Speaker, before you leave the chair I desire to bring up a matter which is of vital importance not only to the people I represent but also to thousands of others who live in the drought areas of western Canada. I have no wish whatsoever to hold up supply, and I shall take only a few minutes to present to the house what I believe to be a matter of urgent public importance. I refer to the need for relief seed in those areas of western Canada where, because of drought, rust and grasshoppers, the farmers will not have sufficient seed to sow their crops this spring.

I am aware of the fact that the distribution of seed comes within the jurisdiction of the provincial governments. But I am also aware of the fact that during the past two years this parliament has passed a seed grain bill placing a federal guarantee behind loans for the purchase of seed in western Canada. Parliament has thus indicated its interest and its responsibility in the matter.

On January 27 of this year, as reported at page 380 of *Hansard*, the hon. member for Qu'Appelle (Mr. Perley) asked a question of the government with respect to its intention in this matter for the present year. The Minister of Finance (Mr. Dunning) replied that no request had come to him for assistance in connection with the financing of seed grain purchases. I do not think the provincial governments, and especially the government of Saskatchewan, will be able to finance relief seed this spring, without federal assistance. I cannot but think that the Minister of Agriculture (Mr. Gardiner) has already discussed this matter with the western provincial governments. He must have some policy in mind regarding this important subject. It is because I should like to have him enunciate that policy at this time that I bring the matter to the attention of the house.

There are only three matters I should like to place before the government, the first of which concerns the urgent need for governmental assistance in connection with procuring seed for the farmers in the drought area this coming spring. It is a well known fact that the provincial governments, and particularly the government of Saskatchewan, are not themselves in a position to finance relief seed. Unless assistance is forthcoming from the federal government farmers either will have to procure their own seed, which means that many of them will not have seed, or will be compelled to go to the loan and mortgage companies for financing, a procedure which in my opinion would be a disaster in the extreme.

Last year a municipal secretary treasurer in my constituency showed me a note which had been sent to him by a mortgage company for a certain farmer to sign and return, for seed which they had supplied. The farmer signed the note at the rate of $1.70 per bushel for seed which he received at a time when wheat could be procured at the elevator for 74 cents per bushel.

Mr. ROSS (Moose Jaw): What kind of wheat?

Mr. DOUGLAS (Weyburn): I am quite prepared to admit that it was probably better wheat. It was Thatcher seed.

Mr. ROSS (Moose Jaw): I sold it for $2 a bushel last year.

Mr. DOUGLAS (Weyburn): I am not interested in what the hon. member sold it for. I am simply pointing out that last fall this man received an average of 54 cents per bushel for his crop. In other words, he had to bring back about three bushels for every bushel he had received. If the farmer is to be dependent upon the loan and mortgage companies for financing spring seed

he will be left open to victimization and exploitation. I think the farmers of western Canada should be told now whether or not any action will be taken, either by this government in cooperation with the provincial governments, or by this government alone, to see that they have seed for the coming spring.

Secondly, I wish to impress upon the government the need for haste in supplying the farmer with seed. Last year on March 11, a resolution was placed on the order paper giving advance notice of a seed grain bill. On March 21 it was withdrawn from the order paper, and on March 23 it was reintroduced. The matter was debated on March 25, and was finally passed with senate amendments on April 4, fully a month after the farmers should have had the seed on their farms. I am not saying this in any spirit of criticism; the thing has passed and there is no use in rehashing the matter, but I would remind the government that to all our requests for haste last year we were met constantly with the reply that the seed was at strategic points and could be given out on a few days' notice. We know now that in some districts the distribution was three or four weeks late. In one town in my own constituency the seed was distributed as late as May 8. Many farmers who lost their crops through rust and grasshoppers are absolutely convinced that they would have had some crop had they received their seed three or four weeks earlier. Let me draw to the attention of the government, particularly of the Minister of Agriculture (Mr. Gardiner), the fact that in six weeks from now the farmers will be getting ready for seeding and in eight weeks they will be on the land in some districts in Saskatchewan. At this time a declaration of policy ought to be made by persons in responsible positions.

The third matter I wish to place before the government is that facilities should be set up to enable farmers who have seed of a non-rust-resistant variety to exchange it for seed of a rust-resistant variety. Last fall it was stated repeatedly in western Canada that Thatcher wheat was being held throughout the west so that practically all farmers would be able to get it this spring. I hope that is so. If it is so, the Minister of Agriculture or the Minister of Finance ought to tell the people what facilities will be available, and how soon. Prompt action is necessary in this regard. If grasshoppers and rust are to be the menaces this summer that they were last summer it is very necessary that the farmers who have not rust-resistant seed should be able to exchange it on a bushel for bushel basis.

I urge the minister to make a statement to-day which will relieve the anxiety of the people in the drought areas of western Canada. All kinds of rumours are flying around. People write to tell me that they are sure they are not going to get seed. People are hearing different stories and they are not sure of the policy of the government. For instance, I came across the following statement in the *Western Producer* of February 2, 1939:

> No Provision for Seed Yet
>
> Taggart Charges Farmers did not Make Effort to Repay '38 Seed
>
> "There were too many farmers last fall who paid everyone else from their harvests and left the rural municipality and the government holding the bag on seed grain loans.
>
> "This year the municipality should let the individual know it is up to him to scratch up his own seed," said the Hon. J. G. Taggart, minister of agriculture, to the convention delegates of the central rural municipalities association meeting at Regina last week. "Out of $18,000,000 loaned in Saskatchewan for seed, of which only $3,500,000 was not guaranteed by the dominion, farmers repaid only about $250,000," he said.
>
> "So far," he added, "no arrangements have been made for 1939 seed grain financing."

That statement has caused widespread dismay among many farmers in my constituency, as well as in the surrounding constituencies. These farmers have not the seed necessary to put in a crop this year. Seeding is close at hand and many of these people are destitute. Their only hope of economic recovery is to obtain seed. With the prospects of a half decent crop they may be able to regain some measure of economic security.

I ask the government three questions. First, are they going to make provision for seed? Second, can there be some haste in the supplying of that seed so that it will be out in time? Third, will there be facilities to enable farmers to exchange non-rust-resistant varieties of seed for rust-resistant varieties, possibly on a reasonable basis such as bushel for bushel? I hope the government will make a statement through the Minister of Agriculture and assure the people of western Canada that this parliament and this government have not washed their hands of the matter, but are prepared to accept the responsibility which is really theirs of seeing that people who through no fault of their own have no seed will be given the necessary seed to enable them to rehabilitate themselves during the coming year.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

QUEBEC RAILWAY, LIGHT AND POWER COMPANY

Mr. CHARLES PARENT (Quebec West and South) moved the second reading of Bill No. 8, respecting the Quebec Railway, Light and Power Company.

Some hon. MEMBERS: Explain.

Mr. CHARLES PARENT (Quebec West and South) moved the second reading of bill 8, an Act respecting The Quebec Railway, Light and Power Company

He said: (Translation) Mr. Speaker, the object of this bill is to clarify section 8 of chapter 59 of the Statutes of 1895 by adding thereto subsection 2, authorizing the company, among other things, to operate auto buses in the territory which it now serves.

Although I am of opinion that section 8 of chapter 59 of the Statutes of 1895 does empower the company to operate auto buses, some lawyers consider that the clause is not sufficiently explicit and that it would be well to clarify it by specifying the powers granted to the company, as is done in the bill.

Hon. C. D. HOWE (Minister of Transport) (Text): I know of no objection to this bill, and my officers have none. In view of the fact that it is of public interest I am willing that the bill should be read a second time and referred to the standing committee on railways, canals and telegraph lines.

Motion agreed to, bill read the second time and referred to the committee on railways, canals and telegraph lines.

CENTRAL FINANCE CORPORATION

Mr. W. G. MACDONALD (Brantford City) moved the second reading of Bill No. 20, respecting Central Finance Corporation and to change its name to Household Finance Corporation.

Mr. T. L. CHURCH (Broadview): With reference to this bill, I should like to point out to the hon. member who moved the second reading that the principle involved in it was considered last session by the committee on banking and commerce. They made a report to this house, and the Minister of National Revenue (Mr. Ilsley) introduced a bill of a general character which would govern these private companies' bills and regulate their rates to two per cent per month. This general bill was read the first time and laid over. I should like to ask the minister whether he intends to introduce that bill again, and what is the present policy of the government this session regarding these small loan companies. In these times of depression the people cannot pay the high rates of interest charged by these companies. They have no credit with the banks because they have no security, with the result that small industrial workers are compelled to go to these loan companies, to pay fabulous sums of money, and often have to borrow from friends and relatives to help pay the Shylock interest rates on their loans.

I have received several hundred communications or ballots about an address made the other night on the radio by a fine citizen of Toronto, asking what we, as private members, are going to do about over-government and over-taxation and to help conditions for the workers. Other members must have received dozens of similar letters. Some of them are from the very people who are affected by these companies, and who have been forced out of their homes through the foreclosure of mortgages. I have seen the operations of one or two of these companies in the city I come from, and I am astonished that they come to this parliament to get charters and franchises and are given power to lend money on chattel mortgages, bills of sale and lien notes.

Not by the wildest stretch of the imagination can these particular private bills of 1927, 1928 and 1929 be considered to be for the general advantage of Canada or within federal jurisdiction. Yet they come to this parliament, and they have got so many bills passed regarding this type of loan that I wonder what the provinces are doing, whether we have such a thing as property and civil rights in the provinces to give them control over this class of business. I should like to hear from the government what is to be its policy this session as to the general bill of 1938, which as I understand will provide some control as to rates over these companies when they are incorporated. Two per cent per month would be a universal rate, but an exorbitant one, when we consider how much money is hoarded in Canada, drawing no interest.

This matter was considered by the committee on banking and commerce of the senate, and a very valuable report was made last session by our own banking and commerce committee after a large number of prominent financial experts from the United States and elsewhere had gone most thoroughly into the matter. This bill might very well stand on the order paper until the government lays

down what is to be the policy regarding a general bill. Will the general bill of 1938 cover all these companies or not?

As regards this bill No. 20, I can assure the hon. member for Brantford City (Mr. Macdonald) that, on account of my respect and esteem for him personally, I should like his bill to go through without any opposition as far as I am concerned, but I cannot see my way clear to support the second reading until the general principle has been laid down, because for twelve years I have opposed all these small loan companies and their rates and methods.

This bill is intended to change the name of the corporation to Household Finance Corporation. Of course they want to change the name. This company has been doing business right in the city I come from. I know of some of the loans which have been made to industrial workers there, and well they might want to change their names—these shark loan companies which are charging such a huge rate of interest. After the very conclusive evidence given by various experts, the time has come for Canada to stop granting any more of these charters, to cancel some of them, and to send these people to the provinces where they properly belong to get whatever charters the provinces will give them.

I may say so far as this particular bill goes that I was in the house when this company got the franchise, and I opposed the franchise. The term "shark loan company" was first applied by me in the discussion of that particular incorporation, which was away back in 1928 or 1929. We were then in opposition, and the opposition took very strong grounds against bills of this kind. It was charged by our late leader that these were matters concerning provincial rights, inasmuch as no doubt they have up here such influence as to take their charter out of the jurisdiction of the Interest Act and of the Loan Companies Act and of the Usury Act. These companies have taken themselves out of the limits of those three general statutes in order to come under federal jurisdiction, and have created a law unto themselves to charge anything they like; they are under no restrictions at all.

I can see no good reason why this bill should be read a second time. I wish to know from the Minister of National Revenue if he is going to introduce his bill of last session, which was recommended almost unanimously to the house by the committee on banking and commerce. If so, when will the bill be introduced, and will it provide some regulation of these companies?

I see that the Minister of Justice (Mr. Lapointe) is here to-night. I am glad to see him here. For much of the time since I entered the house in 1921 he has been presiding most ably over the justice department, and in common with every other hon. member I wish to congratulate him on the thirty-fifth anniversary of his outstanding services to his fellow man. He has been a wise custodian of public rights and of legislation for the benefit of the working people of this country, and is a statesman beloved by all. While the Minister of Justice is not supposed to give, as a minister, legal opinions to the house, I submit that since he is leading the government to-night, he ought to let us know what will be done with the report of the banking and commerce committee last session regarding the small loan companies, and whether some restrictions will check these small loans to workers.

Hon. J. L. ILSLEY (Minister of National Revenue): In the first place I should like to point out that this is a matter for the Department of Finance rather than for the Department of National Revenue. In the second place, I think it is usual for the government's policy on these matters to be announced from time to time as and when the occasion requires, and I am afraid I cannot give the hon. gentleman any further and better answer than that to-night—that the policy of the government in regard to this matter will be announced in due course. The immediate necessity is to decide what to do with this particular bill, and I understand that the sponsor of the bill is moving that it be referred to the banking and commerce committee, as is usual with measures of this kind.

Mr. M. J. COLDWELL (Rosetown-Biggar): This is a private bill dealing with only one company. Last year we had a number of these bills before the banking and commerce committee, and it was fairly well understood at the time that that committee would consider the principles underlying such bills and report to the House of Commons with a view to general legislation. I believe that there are evils in this small loan business which should be eliminated by this parliament and I am still of the opinion, as I was last year and the year before, that we should not now deal singly and separately with bills of this sort, but should again deal with the principle of the matter and endeavour to arrive at general legislation with regard to companies of this type. For that reason I am going to oppose this particular bill, though I would say that from the evidence produced before the committee there are companies in Canada which are not doing business in the manner

in which this company is; and while perhaps in opposing a bill with respect to a company which may be giving better service than most of the other companies, one may be doing something that appears to be discriminatory, nevertheless I hold that the principle is greater than the individual case and that we should try at the outset of this session to arrive at some general legislation dealing with all the small loan companies subject to our jurisdiction, adopting a principle upon which such general legislation can be based. For the reason I have stated, I am opposed to the bill.

Mr. VITAL MALLETTE (Jacques Cartier) (Translation): Mr. Speaker, the committee on banking and commerce, of which I am a member, studied all these bills last year as well as in 1937. The house is aware that following prolonged deliberations and a careful study of the question the committee intended to ask the Minister of Finance (Mr. Dunning) to bring in a general bill applicable to this company as to all similar ones.

On those occasions we were chiefly preoccupied with the rights of the provinces, for among the experts heard by the committee were representatives of Ontario, of Quebec, of Alberta and also, I believe, of one of the maritime provinces. The committee was unanimous in wishing to safeguard provincial rights. In fact that is what prolonged the discussions of last year. I therefore endorse the views of the two hon. members who preceded me, particularly my hon. friend from Rosetown-Biggar (Mr. Coldwell) who is one of the most active members of the committee. Like him, I think we should either send the bill to the committee on banking and commerce or hold it until the Minister of Finance brings in a bill of general application.

Mr. THOMAS REID (New Westminster): I am opposed to the principle of the bill, but if it goes to a committee there is one thing which I think should be given serious consideration, and that is the advertisement that appears in newspapers and street cars under the name of this finance corporation, in which they say to the public something like this: "By special authority, rates of interest set by the dominion parliament." That is really saying to the public, "We have special authority to charge the rates we are charging, and therefore you are perfectly safe in doing business with us."

I do not believe that any company doing business as this company is should be allowed, shall I say, to mislead the people in that way. My own view regarding these corporations is that instead of throwing a lifebuoy to people in times of stress they are really casting upon them an added weight which makes them sink deeper in the mire. It does not lift them out. I am voicing my protest against this legislation as I did last year.

Mr. VICTOR QUELCH (Acadia): We in this group are absolutely opposed to the bill. The rate of two per cent per month is exorbitant. We realize, of course, that that includes service charges, but we do not think that this parliament has the right to legislate with respect to service charges. That is a matter for the provincial legislature. Our view is therefore that if the government wish to pass further legislation they should enact that the rate of interest shall be, say, ten per cent per annum, and leave it to the provinces to cover the question of service charges. For that reason we are opposed to the bill.

Hon. H. H. STEVENS (Kootenay East): I think the government should disclose its attitude towards this class of legislation. It is unfair to turn down this bill and the other one of the same type which is on the order paper, in the absence of some declaration to the house as to the policy of the government towards legislation of this sort.

It is known in this chamber that I have opposed this sort of legislation for many years —not that I oppose the requests of this and other companies, but I am opposed to the principle of establishing a rate of twenty-four or twenty-seven per cent per annum for loans, putting the imprimatur of parliament upon that rate. I have taken that position for twenty-seven years. The first time I expressed that view was in 1912 when I sought an amendment to the Interest Act and what was called the Money Lenders Act at that time, and I have consistently taken the same position ever since.

This, I believe, is the fourth session that this and similar companies have been before parliament, but during the last two or three years, particularly last year, there has been a disposition on the part of the government to introduce general legislation covering the matter, and this company and the other company mentioned in Bill No. 21 held back for a certain time in the expectation that the general law would pass. Had the general law passed, they were not so particular except for a change of name or something of that kind; but some of these bills have been prepared so that they may have this power to charge two per cent per month in the absence of general legislation.

I suggest that the government ought to come forward frankly and say whether or not they are going to introduce again the legislation which was the result of two sessions of hearings before the banking and commerce committee of this house and also in one year before the banking committee of another place. The government should frankly declare its position on the matter.

There are two classes of borrowers that patronize this sort of loan company—and these companies themselves so inform me. There is what I would call the class A borrower, whom I shall describe in a moment, and this embraces the larger number. There is also the class B borrower, the smaller class. The class A borrower is the salaried person or some person with a known and fixed income, who temporarily has suffered reverse through illness in the family or perhaps some serious operations that call for extraordinary expenditure—the sort of person who the company knows is good. That class of borrower must pay the two per cent per month which really is applicable only to the second class. The second class comprises those who find themselves in difficulties through improvidence or carelessness, or, as often happens, probably through playing the race track or the stock market. It is not fair that the class A borrowers, who they know are good, with whom the records and evidence showed there was only a fraction of one per cent loss, a fraction so small that we were all surprised at it, should be penalized because there is a larger risk on the more improvident and careless borrowers whom I have included in class B.

For that reason I have taken the stand that we need in Canada facilities to enable the bona fide salaried man, with an assured income, a position and good character, to get money in cases of emergency on much easier terms, say seven per cent or something of the kind. It is true that one of the banks has already started a personal loan department. I believe that the government—I say this to the government as an institution, and not in any critical sense—might very well call in the bankers and see if they would not take up that line of business as a part of their duty to the country. I know they do not wish to do it, because it is small business, not very profitable, it may be; and perhaps they consider it a little beneath their dignity. But there ought to be provided in the urban districts the kind of legislation that we have in the rural credits act. Unfortunately the rural credits act, passed I believe in 1925, does not function, I think through lack of administrative interest in it on the part of this and previous governments. But this class of legislation, properly enforced, and with the support and interest of the government, might very well become an extremely useful form of assistance to needy borrowers.

Having said that much I want to make it clear that in spite of all my opposition to these measures, which at times has been definite and perhaps heated, I do not think parliament should just crowd them out or refuse to consider them. In justice and fairness we must listen to the requests of any body of people who are within the law. These people are within the law. They are within their right in coming to parliament, and I am not going to oppose the second reading of these bills. But I want to place on record my attitude and views in connection with this matter and to urge upon the government that either before these bills have second reading or before they are finally disposed of we have the assurance that the government will during this session introduce such public measures as may be necessary to deal with this very important question.

Mr. DANIEL McIVOR (Fort William): These bills are a pair of twins, and each year they have been up I have registered my opposition to them. I have been one of those who advocated the lowering of interest rates and urged that the dominion government take the lead in that respect. We have now pretty well got that, and I do not see how we can open the other door and allow private corporations or any particular group of people to charge interest at the rates these people expect to get. I know a man who this summer paid $500, all but $40, for a piano, and he was not able to raise that $40, so he lost his piano and his money, with merely the promise that perhaps he would get a better rate next time. I have nothing but contempt for a corporation which, finding a man up against it in his endeavour to hold property of some kind, professes to be his friend and lends him money at a rate of interest that it is impossible for him to pay. That is selfishness run wild.

I have been asked why I was so strongly opposed to these corporations. It is because I have seen these people completely up against it and unable to pay the piper that I determined that if I ever got the opportunity I would hit this thing as hard as I could. If this bill goes to the committee it is all right, but if it is to go through now I shall oppose it as strongly as I can.

Mr. R. W. GRAY (Lambton West): Bills similar to this, as pointed out by the hon. member for Kootenay East (Mr. Stevens), have been considered by the banking and commerce committee for a number of years.

Some years ago I opposed the granting of a charter, but if I understand aright the bill now introduced by the hon. member for Brantford City (Mr. Macdonald), the rate of interest provided therein is as was recommended last year by the committee on banking and commerce. Whether or not there is general legislation introduced this year dealing with the matter, these people for the last two years have come in good faith to this parliament, presented their bills and given their evidence before the committee, and it seems to me that no harm can be done in allowing the bill to go again to the banking and commerce committee.

I agree with the hon. member for Kootenay East that the time has come when general legislation should be introduced covering matters of this kind. There is a great deal to be said for legislation covering all these small loan companies. At the same time I believe it would be a mistake to defeat this bill on the motion for second reading. The bill has been presented in the form approved by the committee, and surely no harm can be done in allowing it to be referred; it can be decided in the committee whether it will be proceeded with or whether general legislation shall supersede it.

Mr. YOUNG: If this bill went to the committee would there be new evidence submitted this year beyond what was given last year?

Mr. GRAY: I cannot say. I doubt if much evidence could be submitted beyond what was given last year.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I think we all recognize that it is on the motion for second reading that the principle of a bill is decided upon, not in committee; that is where the details are supposed to be dealt with. I believe it is two years since the government promised us that we should have general legislation on this matter. Only this afternoon the Prime Minister (Mr. Mackenzie King) was urging upon the house the responsibility of the government for carrying forward the affairs of the country. In this instance the government is distinctly responsible. And while, as my colleague behind me has said, I do not like voting against a particular measure in order to stop the general practice to which objection is taken, I see no other way of stopping it than by opposing it at this stage. The responsibility then is not upon the house; it is fairly placed upon the government, and they can bring down their general legislation.

It is all very well to say that this company has come in good faith to parliament; of course it has. Any group of men can come to parliament with various proposals, but it is for the house to say whether or not the principle underlying them is good. I do not see what else we can do at this stage than oppose the principle of the bill. We hope that before very long the government will introduce general legislation covering this matter.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I hesitate to speak on this question, as the minister in charge of this branch of government business is the Minister of Finance (Mr. Dunning) who to-night is unavoidably absent. I may however remind the house that if this bill is defeated the situation will remain as it is to-day. If I remember correctly, when a similar bill was discussed last year it was pointed out that whatever may be the demerits of the carrying on of business by such corporations, if this bill be adopted it will constitute a great improvement on the present condition. I am not a member of the banking and commerce committee and I do not know what took place there last year. I do remember that when the bill came back it could not be put through because time did not permit. I agree largely with the hon. member for Kootenay East (Mr. Stevens). I am opposed to anybody, corporation or individual, charging an exorbitant rate of interest. I am free to confess that in my early years I was a victim of that sort of thing. But I do not see what harm would be done by again sending this bill to the committee, if it is really an improvement on the present situation. There it can be discussed and the Minister of Finance (Mr. Dunning) can be heard as to whether or not there will be a general act introduced covering this field of activity. As to that I am not in a position to make any statement on the part of the government.

Under the circumstances I would vote to send the bill to the committee, without binding myself to support it if it is reported back to the house, particularly should it have the effect of making permanent a situation to which we all object.

Mr. D. A. McNIVEN (Regina City): I am opposed to this bill in principle. I believe the original mistake was made some years ago when these companies were incorporated and given special rights beyond the provisions of the Money-Lenders Act. It is very true that these two bills have been before the banking and commerce committee for the last two sessions, but it does not reflect very much credit upon us as a parliament that at this

session we should be asked, by way either of special or of general legislation, to authorize a rate of interest of two per cent per month. If that is the only message we have for the people of Canada we cannot seriously complain if the people say it is too bad for us.

During the discussion last year we heard a great deal about the Russell Sage Foundation in the United States, which I understand is a very estimable institution and which has done a great deal of good work. But the remedies suggested by that foundation have not rectified the situation in the United States, and, that being the case, we can hardly expect them to meet with greater success here. I think we might well go to the banking institutions, which for a long period of years have received many concessions from the people of this country, and say that they should give greater consideration to this kind of business. I agree with the hon. member for Kootenay East (Mr. Stevens) that the banks do not care to handle this business, but I believe our banking institutions could not make a greater contribution to the solution of the problems that confront us than by catering to and serving the people who ordinarily would be customers of institutions of this kind. I believe our banks are prepared now, as they have never been prepared in the past, for business of this kind. In the last three years they have lent some $24,000,000 under the home improvement plan at a discount rate of 3¼ per cent, and I understand that so far the losses have been less than one per cent. I was talking with a banker who had lent a very considerable sum of money under this plan, and he expressed surprise that the business had turned out so satisfactorily. Not a single loan was in arrears; not a single dollar had been lost, and he said, " We of the banking profession are overlooking a very profitable field for investment. If we did cater to that field we would have a profitable outlet for funds that we have difficulty in investing at the present time."

I noticed also that in the deliberations last year, as the hon. member for Kootenay East mentioned, there was an attempt to distinguish between the kinds of borrowers. There was likewise an attempt to distinguish between the companies doing this business, with one referring to another as money sharks and loan sharks. For the life of me I cannot see any distinguishing feature between companies that charge 24 per cent or more. There is a remedy in the Money-Lenders Act, where interest rates are specified. If some detail is lacking in that act at present let us put teeth into that statute and meet the situation by prosecuting those who are profiting through the difficulties in which unfortunate people find themselves.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, it seems quite obvious that there is a great deal of opposition to this bill. There is no doubt, as the leader of the Cooperative Commonwealth Federation party has said, that if we send this bill to the banking and commerce committee we will adopt the principle. If there is one thing in which I believe the people of this country feel the government should give some lead it is this question of the curtailment of the interest that these companies charge. For three or four years the newspapers have been full of the discussion which has taken place both in the banking and commerce committee and in this house. I suggest that this bill be held up in order to permit the government to bring in some measure that will cure these evils. Or the banking and commerce committee might take up the question and recommend suitable legislation to the house. Surely we cannot pass this bill again and endorse the principle of usury which is practised throughout this country.

Mr. J. T. THORSON (Selkirk). A year ago I spoke on a bill which was introduced respecting this company. The subject had been carefully studied by the standing committee on banking and commerce, which was very greatly divided in its opinions. The objection which I raised a year ago, and which I repeat now, was that if we passed this bill authorizing a monthly charge of two per cent, we would do so under our authority to deal with interest rates. We have by the Money-Lenders Act set a maximum rate of interest of twelve per cent per annum, and it would be a mistake on the part of this parliament to give its imprimatur to a higher rate of interest than that. The objection which I took a year ago was to the lumping of the total charge. I suggested that we might, in the general legislation which was before us, require that the rate of interest, as such, should be stated; that it should not exceed the rate of interest now set forth in the Money-Lenders Act, and that the balance of the charge, other than interest, might be left to the provincial jurisdiction.

This of course is a bill amending the charter of a dominion corporation, and the objection which I have to the bill in its present form is that it lumps the interest part of the charge with that part of the charge which is not interest. That, Mr. Speaker, is in my opinion

objectionable. The rate of interest should be specified as not exceeding the rate now set by the Money-Lenders Act.

As the bill stands I shall feel it my duty to vote against the motion for second reading.

Mr. J. S. TAYLOR (Nanaimo): Mr. Speaker, I feel that the government should entertain this whole question very seriously, and bring down legislation for discussion in the house. It seems to me that we have no right to stand at the back of those who would leech on the misfortunes of our people, and that is what these bills amounts to.

The suggestion of the hon. member for Kootenay East (Mr. Stevens) is very timely, and I find myself quite in agreement with the idea that the chartered banks could take this duty upon themselves. They may want to be high-brow about their work, but they are the manipulators of the currency and credit of this country. They are allowed to conduct their business as such, and this is directly one part of that feature of their work. It seems to me that in time to come if we are to leave the chartered banks in their present positions we shall ask them to undertake a great deal more work, not less, on behalf of the people.

I am definitely opposed to the principle of these bills.

Mr. A. MacG. YOUNG (Saskatoon): Mr. Speaker, last year when this or a similar bill was before the house it was sent to the committee on banking and commerce, where I understand it was given a great deal of consideration. I doubt whether if it went there this year any new facts could be elicited either for or against the bill, and it seems to me almost like a waste of time to send it to the committee again this year. No doubt there are persons who require or desire loans, in a small way, and who are prepared to pay a rate of interest higher than the banks charge. But so far as I am concerned I am definitely opposed to high rates of interest anywhere.

When this country pays above two per cent interest, I think it is too high. When the provinces pay a little more than that, perhaps, I think it is too high. When we are called upon by our banks to pay six, seven or eight per cent, I think it is too high. But when we are asked to pay two per cent per month—well, Mr. Speaker, I just simply cannot support any bill which follows a principle of that kind. I intend to vote against the motion for second reading.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, as a member of the committee on banking and commerce it was my duty to spend a good many days listening to the evidence concerning these small loan companies. I hold no brief for them; I have never had to use them, and I hope I never will. But there are one or two points I should like to draw to the attention of the house.

I do not think it is quite fair to put down the rate of interest at twenty-four per cent per year. A man borrows $50 for a month, we will say, and at the end of the month he pays it back, the transaction having cost him one dollar. For thirty years I was in the habit of borrowing money from the banks, while carrying out my business as a farmer. I never paid less than eight per cent per year, and in the very nature of things I never could pay back in less than eight months. So that any money I borrowed from the bank cost me six per cent, because I could not pay it back in less time.

There is this further point to consider: These small loan companies lend their own money, or money which first of all they have to borrow. The bank does not do that; it creates what it loans, and the procedure costs it nothing. It creates costless credit, and I think that is an important point for consideration.

Then, there is this further matter for consideration: When a small loan company forecloses on a client, in the nature of things it is a public exhibition. The security is put out on the street for all the neighbours to see. When a bank forecloses it is a silent, secret process. Not even a man's wife may know that her husband's security has been foreclosed. As a matter of fact the bank already has the security in its safe, and all that happens is that it stays in the safe and does not come out.

As I have said, I hold no brief for the small loan companies. But I was struck during the time I spent in the committee on banking and commerce with the treatment which these companies received. One might think that in a sense they were criminals. Of course a loan shark is a criminal, but I do not think we can say that a company conducting business at the rate of two per cent per month is committing a crime. However they received no respect whatsoever, while on the other hand the banks receive all the respect in the world.

I do not think that is fair. I believe that for every man who has been foreclosed and put out of business by a small loan company there are a hundred who have been put out of business and had their security foreclosed by our banks. That is all I wish to say on the subject, but I thought it my duty to bring these few points to the attention of the house.

I repeat that I have no brief whatever for the small loan company. I never have used one, and I hope I never will have to.

Mr. W. R. MACDONALD (Brantford City): Mr. Speaker, first I should like to express my appreciation of the very kind remarks made by the hon. member for Broadview (Mr. Church) about myself. I may say that I hold him in the highest regard and esteem. He was mayor of the city of Toronto for a number of years, I believe it was eight, during which time he gained the respect of the people of that city. Subsequently he was elected to this house, where he has gained the respect and admiration of all members. I am pleased to know that he will not support this bill for personal reasons. Far be it from me to want any hon. member, no matter how kindly he may feel toward me personally, to vote for any measure merely for personal reasons.

The hon. member for Broadview and other hon. members referred to the loan shark. In presenting this bill to the house for second reading I cannot express too strongly how I feel toward the loan shark. These people have been bleeding those who could not afford to pay. They have taken the small pittances of many working men, women and girls in order to swell their own coffers. I think all hon. members will agree with me when I say that something must be done to curb the activities of the loan shark. One hon. member has said, I believe it was the hon. member for Waterloo South (Mr. Homuth), that during this last year the newspapers have been demanding action by this government in connection with the curbing of loan sharks. As he and other hon. members know, last year the banking and commerce committee was requested specifically to deal with this matter. Numerous hearings were held and many witnesses were called from various provinces and from different states of the republic to the south. I have not the report before me, but I recall that a representative of the attorney general's office of Alberta, I believe it was the deputy attorney general, appeared before the committee to advocate that the loan shark evil be curbed.

To-night the hon. member for Wetaskiwin (Mr. Jaques) stated that in his opinion some of these loan companies were not as bad as other so-called respectable institutions. He contended that they were less drastic in their methods than some of our financial institutions. Whether this evil is in the form of a great financial institution, a chartered loan company or an individual, it must be curbed. These activities cannot be allowed to continue. The newspapers of the country, led by that great national paper the *Globe and Mail*, have advocated in the strongest terms that action should be taken immediately by parliament. I recall reading an editorial in that paper toward the end of last session advocating that action be taken immediately, and that if it were too late, then the government should bring in a bill at the next session.

Numerous speakers this evening have said that legislation should be brought down by the government. We are in the early days of the session and I agree that legislation should be brought down covering not only loan companies that come here for their charters, but those which receive charters from the various provinces. The legislation should control all companies and individuals.

I hope my position in this matter will be understood. I want to control the rates of interest charged and to prevent excessive rates and unscrupulous methods being followed by individuals and corporations. Hon. members will remember that last spring a number of prosecutions took place in the Toronto courts. Certain individuals and companies were accused of charging not two per cent per month, but, if my memory serves me correctly, ninety-seven per cent per month. Evidence was presented last year to the committee on banking and commerce that exorbitant rates of more than one thousand per cent had been charged.

An hon. MEMBER: Shame.

Mr. MACDONALD (Brantford): No wonder an hon. member says "shame." I join with him in saying "shame." That is the sort of practice which should be curbed. The incorporation of this company will be one method of preventing the charging of excessive rates of interest. It is one method of controlling the rates charged and the various activities of these companies.

SUPPLY

DISTRIBUTION OF SEED GRAIN IN WESTERN PROVINCES—STATEMENT OF MR. T. C. DOUGLAS

The house resumed consideration of the motion of Mr. Dunning for committee of supply.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, when the house rose at six o'clock I was about to associate myself with the hon. member for Weyburn (Mr. Douglas) in his request that the government should make a statement with respect to the distribution of seed grain in those areas in the west which happen to require it for the spring seeding. The hon. member recited to the house what had taken place last year when the bill to provide seed grain was before the house, and how we facilitated the passing of the measure. Hon. members will recall that when the house was in committee I was asking the Minister of Finance (Mr. Dunning) for certain information. The minister suggested that we should discontinue asking for information and facilitate the passing of the bill. We were told that we would later have an opportunity of getting the necessary information.

Although we facilitated the passing of that bill in good time, there was delay, as referred to by the hon. member for Weyburn, in the distribution of seed in some parts of Saskatchewan. I know of districts where seed was not delivered until after May 10. When it was not rust-resistant wheat that was seeded it was affected by the rust and subjected to the grasshopper infestation.

Mr. McNIVEN: May 10 is a good time.

Mr. PERLEY (Qu'Appelle): It was very late for last year. At Easter time when we were home, seeding conditions were good and wheat should have been in the ground. It is estimated by those who are in a position to estimate that the loss sustained by the province, and producers in particular, owing to the lateness of the seeding, amounted to thirty to forty million dollars. The question is already agitating the minds of the western farmer; for we know that in many places it has been taken up at conventions and other gatherings of farmers. I have here a report in the Regina *Daily Star* of January 31:

> Outlook for Provision of Seed Grain Gloomy.
> No plans yet but late Announcement may be made.
> Every bit of evidence on the question that can be picked up around the parliament buildings—
>
> In Regina.
>
> —points to a tough year for the Saskatchewan farmer who faces the coming crop season without seed.

Official statements on any plans for the distribution of relief seed the government may have in mind are singularly lacking. Honourable J. G. Taggart, minister of agriculture, from his seat on the floor of the legislative assembly room has bluntly stated the government is not in a position to make an announcement.

A little earlier than that, on January 26, is a report in the same paper of a request for early distribution of seed grain. The report is as follows:

> Directors of the Saskatchewan Association of Rural Municipalities, headed by J. J. McGurran, secretary, met members of the government Wednesday to discuss resolutions passed at a recent meeting in Regina.
> The directors asked the government to "immediately evolve" a policy of seed distribution, with provision for early delivery, with the price on a parity with market prices, plus "reasonable" distribution cost; that rust-resisting types be distributed at the same price the wheat board sells to millers, grades considered.

That shows, Mr. Speaker, that the farmers of the west are concerned and anxious, especially when what took place last year is fresh in their memories.

I might also remind hon. members that on January 27 of this year I asked the Minister of Finance if the government was giving any consideration to this matter and if representations had been made to them by the provincial government or any others in the west with respect to it; and on page 380 of *Hansard* the Minister of Finance stated that no request of which he had any knowledge had come to the government. In respect to that I was informed about January 15 or 16, by a member of a delegation that was in Ottawa meeting with the government, though not on this matter, that they believed that the Saskatchewan government had made a request for assistance in the amount of three and a half million dollars towards guaranteeing the banks, the province and the municipalities for distribution of seed this spring. I believe that my informant was a responsible person, and in a position to know; for he is associated with one of the largest grain-handling concerns in western Canada. The amount he mentioned would, I think, be adequate. It is about half of what was required last year for wheat alone. The present price at Fort William is about sixty-five cents as compared with $1.45 last year, and when one also considers that the area is not nearly as great this year, that amount should certainly be adequate.

Mr. GARDINER: That is not half of what they had last year.

Mr. PERLEY: For wheat, I think.

Mr. GARDINER: They had twenty-one million dollars last year.

Mr. PERLEY: Yes, but that was for all grains.

Mr. GARDINER: Most of it was for wheat.

Mr. PERLEY: Well, I believe that the minister, who knows as well as I do the area which requires assistance this year, will agree that at the present price three and a half million dollars would be ample. I think farmers would be very well pleased if they heard that this government is prepared to guarantee that amount.

I think we should have had a report with respect to the distribution last year and who was responsible for the delay. We know that the provincial government and the wheat board have said that they were not responsible, and I have no doubt this government will make the same answer. Certainly the municipalities were not to blame, because they had their estimates in in good time, and it is due to this house and to western Canada to know where the responsibility lies.

Last year, speaking on this matter, I made the statement with respect to price that the wheat could have been delivered at $1.10 per bushel. I am still of that opinion. I followed the conversion of the option into the cash grain, and I was not refuted in my argument, which I think proved to be correct, that wheat could have been delivered to the farmer at $1.10.

I am very much disappointed with the price at which seed oats and barley were delivered last year. I regard 67½ cents to the farmer as very unreasonable. A lot of the oats required for seed were imported from the United States at a time when the market in the United States was 30½ cents for May oats, 42 cents for cash oats, and in the spring of the year the option never got above 33 cents. Allowing for the freight to North Portal and the further freight to the interior of the province where the oats were required, they could have been delivered at around 56 cents. It has never been satisfactorily explained why the charge to the farmer was 67½ cents.

It seems to me that this year wheat should be delivered as the hon. member for Weyburn has stated, on an exchange of bushel for bushel, a bushel of non rust-resisting wheat for a bushel of rust-resisting wheat. That is only fair, especially when we consider what the farmer paid last year. Certainly if the farmer is not in a position to exchange, and has to purchase, it should be delivered to him at the going price on the Winnipeg exchange. Taking the cash wheat at Fort William at 65 cents, that would net the farmer at the initial point about 55 to 60 cents, which would include the freight and the cost of distribution.

Mr. GARDINER: Freight both ways?

Mr. PERLEY: No, not at all. The minister knows I did not mean that. He knows enough about the business to understand I am referring to freight from one point in the province to the point where it is required.

Mr. GARDINER: May I just point out, in order not to have the matter misrepresented, that if you want seed grain in a locality there is in all probability no seed there; there is no wheat there; and if the wheat is shipped to a central elevator and then shipped back to another elevator you have freight both ways on it.

Mr. PERLEY: The minister knows quite well, I think, what I was saying and the interpretation to put on the language I was using. The cost of wheat at the elevator in which it is at the present time and what the board has paid for it would be 80 cents. The board is selling that wheat to the trade at 65 cents Fort William. When you take off the freight to Fort William and the cost of commission and so on, it would be about 50 cents in the interior where it is at the present time. Then add to that the freight which is required to take it from the place where it now is in the interior to the place where it is required for seed. I will allow 10 cents for that, 5 cents for distribution costs, and 50 cents, which is more than adequate, as the initial price, and we have 65 cent wheat. I think it is the duty of this government to see that the distribution this spring takes place at a fair and reasonable price to the producer requiring that seed.

The minister should also be very careful to see that the cost of the coarse grain seed shall be fair and reasonable. Oats have been delivered in the northern parts of the province at the elevators at from 11 to 15 cents a bushel, and of course there would be storage and cost of shipping from one point in the interior to the other point requiring the product. I submit the government should see to it that the oats this year are delivered at not more than 30 cents a bushel, instead of at 67 cents as happened last year.

I do not think it is necessary to delay the house at this time. The minister is well acquainted with the facts and he should be prepared to make a statement and to introduce the necessary bill as soon as possible. Considering the experience of last spring,

more questions will be asked and more information will be required than was the case last year. With the experience of last year, and knowing what happened as regards delay and cost and so on, I suggest that this government should undertake the supervision and distribution as well as the control of price and deliveries this year. The hon. member for Weyburn indicated the importance of the matter and I think the position of the western producer at the present time should receive serious consideration. He is very much concerned because this is the 14th of February and it takes quite a time to distribute the seed and clean it. The farmers should know where they stand and what will be done. When the bill comes before the house I shall be pleased to do all I can to facilitate its passage, and I trust that we shall receive a reasonable amount of information regarding the matter.

Hon. J. G. GARDINER (Minister of Agriculture): The question of seed grain and seed grain supplies for the different provinces has been under consideration from year to year, at least ever since I have been in public life. It was one of the standing questions in 1914 and has been in quite a number of years from that date down to the present time. Last year I had applications from every province in Canada except Nova Scotia and British Columbia for assistance from the federal government in order to provide seed grain. When these applications came from Quebec, Ontario, Prince Edward Island and other provinces we gave the same answer to all—that the provision of seed grain to farmers in the different provinces of Canada has always been looked upon as a provincial responsibility and has always been taken care of by the provincial governments. The matter of financing has occasionally been assisted in by the federal government, but as regards the distribution of seed grain and the responsibility for securing seed grain for farmers, the provincial governments have taken care of that from one end of Canada to the other.

The question of seed grain is an annual problem in the province of Quebec, for example. As I understand it, year after year the government of Quebec has to go to Alberta or somewhere else in western Canada and purchase seed oats and have it shipped to the province of Quebec where it is distributed to the farmers, the cost being, I presume, charged to the farmers. On a number of occasions we have assisted in financing the provision of seed in the three western provinces, perhaps to a greater degree in Saskatchewan than in any other province, and last year we were required to supply more in the way of finances in order to take care of the seed grain situation in that province than in any previous year. There had to be found, in order to purchase seed and pay for its distribution last year, the sum of $21,000,000. Between $1,000,000 and $2,000,000 of that amount was provided by mortgage companies; about $18,000,000 was provided by municipalities. They borrowed the amount from the banks. About $3,500,000 was guaranteed by the province without any federal guarantee, and the other $14,500,000 was guaranteed by the government of Canada.

I believe it was the hon. member for Weyburn (Mr. Douglas) who said that the minister of agriculture of Saskatchewan, in a statement recently, said that only $250,000 of that amount was collected back last year. I think that is approximately correct so that there is still outstanding on the lands of Saskatchewan, as a result of loans made last year for seed grain, something in the neighbourhood of $21,000,000, in addition to all that had been lent in the years preceding that in order to provide seed grain.

It will be seen, therefore, that this is not a matter that can be considered lightly; it is not a question that we are asked to consider for the first time; and it is not a matter about which the farmers of Saskatchewan have to my knowledge been making any considerable complaint. I do not believe there are any considerable number of farmers in Saskatchewan, or Alberta, or Manitoba, who do not realize that somebody, somewhere, has been putting forth a sustained effort in order to make it possible for them to reseed their lands from year to year. There are no farmers in Canada who appreciate more thoroughly what has been done by the people of all Canada, and particularly what was done last year by the people of all Canada, in order to make possible the seeding of the land than the farmers of Saskatchewan.

In regard to the distribution of the seed, I do not think that any government ever undertook a task so great, of a similar nature, as the task that was undertaken last year by the government of Saskatchewan in the distribution of $21,000,000 worth of seed to the farmers of that province, and I can only say that if the worst that any hon. member of this house can say in discussing the matter now is that some farmer did not get seed until May 8th or 10th there is not very much reason for criticism with respect to the distribution of that seed. I venture to say that there is just about as much wheat seeded around the 10th of May in the average year in Saskatchewan as is seeded about any date.

If the seed was available by the 8th or 10th of May to all the farmers of Saskatchewan then the task was very much more efficiently carried out than I myself thought it was.

There is another way of looking at it. Had there been anything in the way of neglect on the part of the government or of anyone who was associated with the distribution of this seed grain, if one were to examine the records, one would expect to find that the acreage seeded last year was very much lower than otherwise would have been the case. But when we examine the record of the acreage seeded in Saskatchewan last year we find that it was only slightly below that of the previous year—less than one million acres below the previous year and less than one million acres below the previous ten year average. So I do not think any considerable criticism can be made with regard to the distribution of seed last year.

Coming to the present year I may point out that before November 21 last, the government of Saskatchewan made a very thorough survey of the situation existing in that province, and they indicated to the government of Canada the production of wheat per acre in the different municipalities. At the same time they called the attention of the farmers of Saskatchewan to the necessity of providing themselves with their own seed as far as possible for the coming spring. I should go back even further than that. Earlier than November the government of Saskatchewan came to this government and asked for assistance to keep the farmers through this winter. They said they would require $9,000,000 to buy food and clothing for the farmers of the province and their families who were without crops last year, and also to provide some feed grain in areas where there was none. The government of Canada made that money available to Saskatchewan, and at the time it was made available the provincial government made an announcement to the people of Saskatchewan. They said: The federal government have provided us with funds with which to maintain the farmers throughout the winter. It will be absolutely unnecessary for any farmer, in order to keep himself through the winter, to sell any of his seed grain. And because we are going to provide the wherewithal to live through the winter and feed the live stock we expect every farmer who had a crop of two or three or four bushels to the acre as a result of last year's seeding to retain that grain in his bins in order to be able to seed his crop this spring. I know from the few letters I am receiving to-day from the different parts of Saskatchewan as compared with what we received in previous years that the great majority—I would say 99 per cent of the farmers of Saskatchewan—have carried out these instructions and have the seed grain, if they grew it last year.

Mr. DOUGLAS (Weyburn): What about those who have not?

Mr. GARDINER: I do not intend to say anything to-night, and I hope no other member will say anything, that would tend to undo any of the good work that was done by the government of Saskatchewan in seeing to it that that seed grain was kept in the bins until next spring. We can argue ourselves black in the face as to the cost of wheat laid down at an elevator, but anyone who ever had anything to do with them knows that elevator companies—and the pools are no exception—do what every other business concern does. When they buy grain at a certain point and that grain is supposed to go to Fort William—and if it went there it would have to be shipped back to any locality to provide seed—nine times out of ten the farmer has to pay a considerable part of the costs on the grain both ways, no matter where it was loaded or was unloaded.

And there is another thing to be considered. On grain for export, either east or west, there is a special freight rate. But there are no special rates for shipping grain north and south across Saskatchewan. If you ship grain from Melfort in northern Saskatchewan to the southern part of the province it costs practically as much in many instances as it would to ship it all the way from the centre of Saskatchewan to the seaboard. In view of those facts it is impossible to stand up here and try to figure what the price of grain is going to be, delivered to a farmer, after it has once been in an elevator. Any man who has had any practical experience knows that he cannot speak in generalities about the cost. So what the government of Saskatchewan is saying to the farmers of Saskatchewan to-day is this: You can get that seed grain cheaper than anyone else. In spite of what has been said to-night I venture to say that there is not one farm in Saskatchewan to-day that is more than twenty or twenty-five miles away from seed grain, and I think I know the province fairly well; I have driven over it all.

Mr. DOUGLAS (Weyburn): What can they use for money? The seed may be procurable, but they need some assistance in financing.

Mr. GARDINER: The farmers in Saskatchewan are like farmers anywhere else. I know that as far as the farmers in the

community in which I live are concerned, if there are farmers who have seed grain their neighbours are not going to have a great deal of difficulty in getting it and getting it into the ground, unless someone starts to do something that in the end will make the cost a great deal more than it would be if done in a spirit of cooperation. By stirring up too much discussion of this question at this time we are not helping the farmers of Saskatchewan, but are making it more costly for them to get the seed grain that they are going to require to seed their crops.

Past experience has shown that few if any farmers in Saskatchewan have ever gone without seed grain, and that they get the seed grain most cheaply when they are able to obtain it without its being put in elevators and taken out again. It will be found that if and when and where this seed grain is required there will be no serious difficulty experienced in getting it. On the other hand I hope that no one, provincially, municipally or otherwise, is doing anything which will leave the impression that seed grain is to be supplied this spring no matter what anyone may do with the grain he had last fall. I think seed grain will be found for those who are in absolute need of it. Some way or other money will be found to pay for it, but the announcement of definite methods for going out to get say $3,500,000 worth of seed grain at the present time to be distributed in Saskatchewan or anywhere else is not going to help the farmers; and it would cost this government, or someone in Canada, perhaps the provincial government or the municipalities, a great deal more than to proceed as the provincial government is proceeding to-day. We are fully informed regarding the situation in Saskatchewan, and the Saskatchewan government is fully informed. The farmers also are pretty fully informed regarding the situation, as some of the quotations from the press have indicated. If we allow the matter to be dealt with by the province it will be handled just as effectively as it has always been, and the acreage which should be seeded to wheat in Saskatchewan this year will be seeded, as it has been in the past.

Mr. PERLEY: Before the minister sits down perhaps he will permit me to ask two or three questions. He says there is not a farmer in Saskatchewan who is not within twenty-five miles of a supply of seed grain. Does he say that seed is all of a rust-resistant variety?

Mr. GARDINER: No, I would not say that is rust-resistant wheat. There is not rust-resistant wheat enough to seed all the farms in western Canada this year. And of course there are some people who would not seed rust-resistant varieties of wheat that some others are seeding at the present time. There are some farmers who would not sow particular kinds of wheat about which there is a great deal of discussion. After all, we get rust about once in ten years on an average, and there are some people who will sow varieties of wheat that are not called rust-resistant because of the higher yields they get with what they consider better varieties.

Mr. PERLEY: Can the minister give us any information as to who is holding the great bulk of the Thatcher wheat that is available for seed? Is it in the hands of elevator companies or of the wheat board?

Mr. SPEAKER: Order. I would remind the hon. member that we are not in committee. This is not the proper time for questions of this kind.

Mr. M. J. COLDWELL (Rosetown-Biggar): I do not think anyone in this chamber desires to make things more difficult either for the minister and his department or for the farmers of western Canada than it is going to be in the near future. But I do think that to-night the minister has placed rather an optimistic picture before us. He says he is sure there are farmers who will have seed available for their neighbours who lack it, but it seems to me the difficulty is that unquestionably there were many thousands of acres last year that were seeded to marquis wheat on which no crops were cut, and where much of the wheat that was cut was of very low grade and probably very poor germinative quality. Consequently in those areas, if farmers are to be able to seed their land and look forward to the reaping of a crop, better seed will have to be provided than is in their immediate vicinity. The minister said he did not believe there was sufficient rust-resistant wheat in the province or the provinces to meet all the needs. I think that is probably true, but I believe there is at least a very large amount, which may cover a greater acreage than I have personal knowledge about at the moment. The minister ought to be, and I expect he is, much better informed than I am on that particular score.

Reference was made to the fact that collections on account of the seed that was supplied last year and in previous years were very bad. I think that is true, and the reason, of course, is the condition of the country, the poor crops, the series of crop failures, the low grades and the insufficient price. I know many

members of parliament from eastern constituencies think the eighty cent price adopted by the government this year provided an amount sufficient to meet the requirements of the wheat producer. Well, I do not propose to go into that question to-night, because on the estimates and elsewhere we will have opportunities to take up that aspect of the problem. I would say, however, that if hon. members will read the very interesting report of the proceedings of the conference on markets for western farm products, which I believe was circulated to all members by the Manitoba government, they will find a very authoritative analysis of the cost of producing a bushel of wheat in western Canada on various types of land and various sizes of farms over average periods of years. They will see that according to Professor Hope, who made the analysis—and whose figures were not disputed even by representatives of the grain exchange who were there—the Saskatchewan farmer required an average farm price of approximately ninety cents a bushel. The eighty cent price is on the basis of Fort William, and from that you must subtract fifteen, sixteen, eighteen or more cents a bushel to see what the farmer actually gets.

Mr. GARDINER: That was on the poorest type of land.

Mr. COLDWELL: On average land, I think, according to Professor Hope.

Mr. GARDINER: It was forty-three cents on the best land.

Mr. COLDWELL: I mention that because it has been said to-night that the collections for the seed grain last year have been very poor. I am going to hazard the guess that they are going to be low in the future also, if the price of wheat remains where it is at present.

With regard to the particular matter discussed by the hon. member for Weyburn (Mr. Douglas), the hon. member for Qu'Appelle (Mr. Perley) and the minister, the minister said he had no complaints and no considerable number of applications.

Mr. GARDINER: I did not say no complaints.

Mr. COLDWELL: Few complaints. I wrote "no complaints" in my notes.

Mr. GARDINER: Few as compared with other years.

Mr. COLDWELL: But there have been some complaints, and I am going to suggest that there will likely be a number of applications, particularly because of the fact that the farmers are anxious to obtain varieties of wheat that will resist rust. During the debate on the address in reply to the speech from the throne I read into the record a resolution that I believe has been passed by a number of municipalities. If the hon. member for Swift Current (Mr. Bothwell) were in his seat I would tell him, since he asked the question, that I have found out where that resolution was drafted. It was in the rural municipality office of Vanscoy, just a few miles west of Saskatoon, which happens to be in my own constituency, though I knew nothing whatever about the matter.

I think one should say that the Saskatchewan farmers are appreciative of what has been done for them in the past. But I would also emphasize the fact that last year in my constituency many of the farmers did not get their grain until about the 7th or 8th and up to the 10th of May. I think the minister will remember that I sent across to him wires from one or two points about that time or a little earlier. Last year the season was such that early seeding was the type the farmer wanted to do, and I think that accounted for some of the dissatisfaction.

Then we speak of the seeding last year, and the amount of it. I believe one of the principal reasons why much land was seeded last year was the failure of the year before. A great deal of land was ready for crop but, as I said at the outset, many thousands of acres of marquis and other varieties of wheat that were not rust-resistant were not cut last autumn, and the farmers who did not cut that grain will have no seed this spring. Those who had seed may have kept it, but those who had no crop have no money and can procure no seed. I do not know what information the minister may have, but in all probability a larger number of farmers than we think are in that position. And I regret to say this, that to my knowledge some of the farmers who were instructed to keep the seed in the bin, when they were pressed to meet their expenses or to meet bills and other obligations, unfortunately in many instances did part with the grain which they should have kept. But we have to bear in mind that they were under pressure not only from their creditors but from their families, many of whom lacked those things which are necessary to face a severe western winter.

So I say this problem ought to be discussed in the house in the way in which it is now being discussed. No one wishes to embarrass the government or the minister, but we do want the assurance that the matter is under consideration. In the light of the statement quoted by the hon. member for Weyburn, that

of the minister of agriculture for Saskatchewan, I believe it was necessary that the matter be discussed here to-night. As I say, many of the farmers who did have some grain sold it to meet their running expenses and some of their obligations. As the hon. member for Weyburn has reminded me, even if they did keep seed for themselves, in all probability they did not keep sufficient to supply their neighbours also.

After the years of depression, of crop failures and of economic difficulties, during which this parliament has had to guarantee heavy loans for western farmers—$8,200,000 for the provinces of Alberta and Saskatchewan in 1937, and $16,400,000 or thereabouts in 1938—it is hardly to be expected that in one single year, namely this year, we should go down to relatively nothing at all. Many of the areas which have been affected in previous years are affected again. I think the minister's own constituency is probably one of the constituencies most seriously affected.

Mr. GARDINER: It is the worst.

Mr. COLDWELL: I think it is one of the worst.

Mr. GARDINER: It is not "one of the worst"; it is the worst.

Mr. COLDWELL: Well, if it is not the worst, it is very close to it. I imagine the hon. member for Wood Mountain (Mr. Donnelly), the hon. member for Weyburn and the minister himself may have a little argument as to which of the constituencies is the worst.

Mr. GARDINER: No argument.

Mr. COLDWELL: But I am simply supporting the suggestion made by the hon. member for Weyburn that the matter be kept in mind by the house and the minister. We shall be interested to learn just what the government proposes to do if and when applications for assistance are made from the governments of Alberta and Saskatchewan.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, I should like to associate myself with the remarks made by the hon. member for Weyburn (Mr. Douglas). Rust, of course, is not generally speaking a major problem in Alberta, although last year heavy losses were sustained in the eastern part of the province, due mainly to late seeding. Therefore I hope if there are any supplies of rust-resistant wheat available that the minister may be able to follow the suggestion of the hon. member for Weyburn and make it available to farmers on a bushel exchange basis.

Mr. GARDINER: I think I should make the matter clear, in order to avoid any misunderstanding. The hon. member is appealing to the wrong minister. It is the minister of agriculture in Alberta to whom he should be appealing. We have nothing to do with that matter, from here.

Mr. QUELCH: But in view of the fact that the wheat board buys all the wheat, surely they must have large supplies of rust-resistant wheat on hand. Therefore it would be a matter of cooperation between the provincial minister of agriculture and the federal minister.

Mr. GARDINER: The provincial minister of agriculture can buy all the grain he can pay for from the grain board, just the same as anybody else buys it. We have nothing to do with that at all.

Mr. QUELCH: Provided they can finance it. And if the farmer has to buy it the cost would be considerably higher than if the exchange could be made on a bushel for bushel basis. When it is bought from the elevator there is an extra charge.

I wish to refer to the agreement between the provincial and federal governments last year regarding seed grain loans. The provincial government agreed to see that the maximum amount obtainable from borrowers was collected and paid into the proper account of the municipality. In view of that fact it seems very strange that the Minister of Agriculture (Mr. Gardiner), speaking at Hanna in my constituency, deemed it advisable to criticize the government of Alberta for endeavouring to make the farmers pay back their seed grain loans. And it seems strange, too, that he should stress the fact that that was not being done in Saskatchewan. It seems strange to me that any cabinet minister should go into a province and criticize the provincial government for endeavouring to meet the terms of an agreement which has been made between that government and the federal government.

As a matter of fact his criticism was not sound because in the province of Alberta the farmers were only requested to repay their loans provided that they had threshed at least 800 bushels.

Mr. GARDINER: I am sure the hon. member does not wish to misquote what was said at that meeting. At the meeting I said that the federal government had no responsibility for making collections and that at that stage the provincial government was responsible for making them. First the municipality guaranteed the account, and they had to collect.

If they could not collect, the provincial government had guaranteed the account, and they would collect. If the provincial government was not able to collect and pay, then we came into the picture. I certainly said to that audience that when we came into the picture we would collect, if the others had not collected.

Mr. QUELCH: But it goes beyond that. May I read this from the agreement:

> The province shall cause each municipality and the minister of municipal affairs to collect all amounts due by farmers in respect of seed grain and other supplies distributed to farmers in connection with seeding operations during the spring of 1938 and to pay the amounts so collected to the appropriate chartered banks, and to this end the province shall appoint a number of inspectors adequate in the opinion of the Minister of Finance—

That is the federal minister.

> —to see that the maximum amounts collectable from borrowers are collected and paid into the proper account of the municipality.

They were compelled to do it, Mr. Speaker. Therefore, in order to comply with the federal agreement, they had to collect the maximum amount.

Mr. GARDINER: Certainly.

Mr. QUELCH: It is strange that the minister should criticize the provincial government for endeavouring to carry out an agreement which had been signed by both the provincial and the federal government.

Mr. GARDINER: In order to have the record straight, may I say this. I did not criticize, but we were being criticized for having collected these accounts, or trying to collect them. I explained that the time had not yet come for this government to collect them. I said that the government which was then trying to collect them was probably the municipal government, that if it got beyond that it would be the provincial government, and that if the provincial and municipal governments did not collect we would eventually have to do so. But I explained we were not in the field collecting, because it had not yet become our responsibility to do so.

Mr. QUELCH: It is unfortunate that the—

Mr. SPEAKER: Order. The discussion cannot go on in this way, because the house is not in committee. Hon. members are making two or three speeches, and under the rules they are not permitted to do so.

Mr. GARDINER: I was at fault, Mr. Speaker. I should have said that I was rising to speak to a question of privilege in order to correct a statement which had been made.

[Mr. Gardiner.]

Mr. JOSEPH NEEDHAM (The Battlefords): Mr. Speaker, it is not my intention to speak at length, nor shall I attempt to cover the ground other hon. members have already covered respecting the situation in Saskatchewan. There are one or two matters, however, which I wish to mention. In the last few years the situation in the northern part of the province has been getting more serious from year to year. There was practically no rust-resistant wheat in my constituency. There were one or two patches, the seed for which was sent in by the mortgage companies from their own farms. I have two patches in mind where rust-resistant seed was sown. In each case marquis wheat was sown on either side, and even with just the stubble showing, where rust-resistant had been sown the stubble was bright as a dollar whereas the other was quite black and had very little yield. As a consequence of this, that particular district is in far worse financial shape than it ever was before.

Perhaps the severest criticism to be heard in my district is of the attitude of the government in setting the price of wheat f.o.b. Fort William. Many think that that is unfair to the farmers. I do not know what the rate would be from eastern Manitoba to Fort William, but in my constituency it is 24½ cents. There is a distinct penalty placed upon those living in that part of the country.

Mr. LEADER: It is fifteen cents from the eastern part of Manitoba.

Mr. NEEDHAM: These men have to pay a penalty because they happened to homestead there.

Mr. McLEAN (Melfort): Probably it is worth more to live there.

Mr. NEEDHAM: This is something I want to present to the government. I hope that in setting the price of wheat they will deal fairly with all the parties concerned. We had several intimations from the minister to-night that this is a matter primarily for the provinces. I should like the minister to make a statement of the services rendered by the dominion Department of Agriculture which could not be rendered by the departments of the various provinces. This question of where the responsibility rests is becoming more difficult of definition year by year. There is an increasing number of farmers who are convinced that there is a duplication as between the federal Department of Agriculture and the provinces. This belief is becoming more widespread year by year. We will soon be taking up the estimates and after looking

through them I must say that with the exception of a few items, I cannot see anything that is not handled already by the provincial governments.

The question is being asked as to what plan the departments of agriculture, both federal and provincial, have to further the welfare of agriculture in this dominion. Is the minister working towards the objective of bettering the condition of agriculture? The following statement by Great Britain's minister of agriculture appeared the other day in the *Western Producer:*

> The objective for agriculture, Sir Reginald says, should be to secure a level of prices for farm products that will enable the farmer to conduct his operations in a scientific and efficient manner, to pay wages for his help that correspond to wages received by other skilled labour and to earn for himself a reasonable standard of living. That is the objective he set before the farmers of the empire.

The federal Department of Agriculture in cooperation with the provinces should map out a plan with that definite objective in view. This question has been raised ever since confederation, ever since the departments were formed. The condition of agriculture, both in the east and in the west, is such that some plan with a definite objective should be worked out. I feel like saying that I hesitate to give my approval to voting over nine and a half millions for the Department of Agriculture unless I am satisfied that that department is rendering a special service that warrants this expenditure. After all, if the dominion meets its obligations that money must be drawn from the provinces. The question in my mind is whether those estimates should be prevented from passing and the money left in the provinces. The question is whether the provinces could not administer this vote to better advantage.

Motion agreed to, and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Administration service—
1. Departmental administration, $120,005.

Mr. SENN: Mr. Chairman, as I understand it, this item raises the whole question of the activities of the Department of Agriculture, the manner in which they are conducted and the organization of the department. Some two years ago the announcement was made in the columns of the press that certain changes were to be made in the organization of the Department of Agriculture. Later on the minister was asked what those changes were to be and he requested that the answer should be allowed to wait until a certain item came up. Unfortunately that item did not come up in that year until the dying days of the session, and nothing was heard of the changes which were to be brought about. Last year the question was again asked as to the changes which were to be made and the additions to the service, if any, and the minister did make a short statement. In my opinion that statement was neither satisfactory nor at all complete. I ask the minister to give the committee and the country a real explanation of the change that has been made in the department, particularly through the introduction of a marketing branch, and some idea as to how it is being conducted and generally how the reorganization has been effected.

Mr. GARDINER: I think if my hon. friend will read the discussions at about this same stage last session he will find that the hon. member who is now asking the question asked it then, and an explanation was then given. I doubt very much whether I can add to it, but I am quite prepared to repeat it.

The set-up of the estimates this year indicates the intention of those of us who advocated and carried through the reorganization of the department. As I explained last year, in the estimates the items were put in the opposite way round to that which would indicate the intention of those who brought the reorganization about. This year the items appear in their natural sequence: administration service, science service, experimental farms, production service, and marketing service; and I think one has only to read those headings in order to realize that that is the natural set-up for an agriculture department. The first activity in connection with agricultural work is to make scientific investigations, not only as to what is being done in this country but as to what is being done under similar conditions in other countries, then to apply the results of that investigation on our experimental farms, and to carry that experimental work to its logical conclusion.

To illustrate, we may take the matter which was under discussion a few moments ago, that of work on rust-resistant wheat. First, certain investigations are carried out in connection with the research laboratories, not only on our farms and associated with our farm work, but also in connection with the research service generally. Then we take the results of that scientific work and apply it in the production of crops on the experimental farms. After we have produced the grain up to a certain standard and have classified it, we let

it out to individual farmers to multiply it. When the grain is multiplied we distribute it in two or three bushel allotments to farmers all over the western provinces, and those men by the end of one season have their own seed produced on their own farms from the distribution which is made.

That is the early stage of the work. One could apply a similar explanation in connection with the development of live stock, poultry, fruit activities, and other pursuits related to agriculture.

Then with the experience we have gained through these scientific investigations and the experimental work, we go out through the country to try to promote production. It is in the promotion of production that we have the greatest degree of assistance from the provinces. Something has been said with regard to the overlapping of our work. There is no overlapping in the scientific work. There is cooperation. We carry on activities in both scientific and experimental work in cooperation with the provinces, at their universities and their agricultural colleges, and we cooperate with them in the production service. The very fact that we distribute rust-resistant wheat is in itself cooperation with the provinces in the matter of production. The fact that we send overseas and purchase sires for the horse industry or the cattle industry or the sheep industry or the swine industry, assists in production generally throughout the country.

Having produced the product which we think is suited to certain markets, we try to promote the sale of that product in those markets. The larger part of the production of our farms is sold, as all hon. members know, in the Dominion of Canada. There are only three products of which we sell the greater part outside of Canada: apples, a little over 50 per cent; cheese, about 66 per cent; and wheat, about 68 per cent, the greater part being sold in Great Britain.

Our marketing activities in so far as the Department of Agriculture is concerned are largely in Canada. We have a certain set-up in the old country, headed by Mr. Allen, who was sent over there last year, and who previously had been associated with the agricultural college in Saskatchewan. He heads up the service there in attempting to find out what types of live stock, for example, will best suit the market in the old country; what forms for the making up of cheese, for example, best suit that market; and determining, too, what types of fruits please that market best. This information is passed back here, and then we utilize the different services to try to produce the kind of products which will best suit those markets, and utilize the marketing set-up to assist in selling them.

I would say that the difference between this set-up and the organization we had before is this. We emphasized live stock; we emphasized in another branch seeds of different kinds; we emphasized poultry in another branch; and these branches and many others were headed up by commissioners. We emphasized production and improvement in these different lines rather than what we are stressing to-day through the form of organization which is now in operation. To-day the things we emphasize are scientific investigation, experimentation, production, and marketing.

Mr. SENN: I thank the minister for his explanation of what is taking place in the department, so far as it has gone. However, these activities were largely carried on under the former organization. What I am trying to get at is this: where to go in the department when one wants certain information, or where any particular matter which one wishes to take up should be dealt with. Not so very long ago I heard a gentleman say that he came to Ottawa on some matter which had to do with poultry, and after telephoning here and there throughout the department he finally wound up in the seed branch, where he found the particular section of the department with which he wanted to deal. That is a difficulty which, as I see it, results from the lack of information which the minister has given up to the present. If you pick up the report of the minister for the last year you will find that the headings are just the same as they were previously. There is a live stock branch, a seed branch, a fruit branch, and so on down the line, with no difference or no discrimination because of the new set-up within the department.

Mr. GARDINER: It is just the same as it was last year.

Mr. SENN: I know it is the same. That is what we are complaining about. There should be some change. For instance, if you pick up the departmental directory you do not know to whom to appeal for any information you want within the department. Repeatedly I have called up one branch of the department and have been told, "Well, this is not the part of the department which deals with the matter at the present time." They refer me to somebody else; I speak to somebody else and find I am again in the wrong pew. That has happened repeatedly, not only to myself but to a good many other people. If

the minister has made these changes it is necessary that he change the directory and revise his report so that when we come to deal with these matters we shall know with whom we are to deal and where we are to go to present anything we have to present to any branch of the department. That is the question I am asking the minister. What has been done in this respect? We want to be able to approach matters intelligently when we wish to deal with the department.

Mr. GARDINER: The set-up this year is exactly the same as it was when the estimates went through a year ago.

Mr. SENN: But we had the same difficulty a year ago.

Mr. GARDINER: The telephone directory is being reprinted at the present time and when that is through it will be simpler.

Mr. BROOKS: Following up what my hon. friend (Mr. Senn) has said, a good deal of useful literature is circulated by the Department of Agriculture, but when you want to get information and you telephone the confederation building you are told that you must go to some other building in the city, to some particular branch of agriculture, in order to get the information. The whole thing should be revamped so that when we get these requests—and I receive hundreds of them—they can be intelligently dealt with and the necessary information secured and passed on.

Mr. HAYHURST: With regard to salaries, the details of which are to be found on page 51, it would seem that the private secretary has been added to the staff.

Mr. GARDINER: The explanation is that they have to be on the staff a certain length of time before they are permanent. He is drawing the same salary and is the same individual, but he is now on the permanent staff.

Mr. COLDWELL: In view of the situation that is developing with regard to wheat, will the minister make a statement on the policy of the government in relation to the problem of wheat marketing, the attitude of the government towards the world conference, and allied matters, or shall we discuss these problems under these estimates? Is the minister prepared to indicate now whether or not he can make that statement?

Mr. GARDINER: These matters do not come under agriculture but under the Department of Trade and Commerce. The whole wheat question, the administration of the grain act, is under that department.

Mr. COLDWELL: I am aware of that, but the Minister of Agriculture, of course, is the minister who has charge of the acreage problem, the provision of seed and all matters which have to do with the growing of crops. The supplying of the money for the seed may be under the Minister of Finance rather than the Minister of Agriculture; I realize that. But the Minister of Agriculture is probably, at least from the point of view of those of us who come from the part of the country from which he comes, the one who might be able to discuss the matter from the standpoint of the wheat producer and give the committee, if I may say so without seeming in any way derogatory of the Minister of Trade and Commerce, a better picture of the situation than perhaps could be given by any other minister. Can we have a discussion on these questions in the near future?

Mr. GARDINER: If I were to undertake to discuss the matter at the moment I should be completely out of order.

Mr. COLDWELL: I know that.

Mr. GARDINER: I hope to get my estimates through some time, and if I were to go so far astray as to discuss a matter of that kind under this item I should be giving a bad example.

Mr. COLDWELL: I did not ask that. I asked if some opportunity would be given at an early day, apart from the estimates, for the minister to make a statement regarding the wheat situation and the government's policy. I simply wanted to know when we might have such a statement either from the minister himself or from some other member of the government.

Mr. GARDINER: There are private members' resolutions on the subject that will be reached sooner or later, and there are other occasions on which the matter can be discussed—when the estimates of the Department of Trade and Commerce are up, for example. I am not in a position to say when the matter will be discussed; it depends when these resolutions come along.

Mr. SENN: When the minister made his first statement he referred to the fact that an agricultural commissioner had been appointed in Great Britain, a Mr. Allen. I remember distinctly when the minister made that announcement in the house last year. He stated that this gentleman's work was largely to supply information to the Department of Agriculture. During the year he has no doubt made a number of reports to the department as to what has been going on in

Great Britain. There was some argument last year as to the Shaw report and what it contained, the recommendations made, the conditions of trade over there and the activities of the Department of Trade and Commerce under the commissioner. Is the minister prepared to table the correspondence or the reports that have been made by the commissioner who was over there? It would greatly facilitate discussion when we come to consider marketing services under the department.

Mr. GARDINER: It would be quite a volume of correspondence. I do not know that there is any objection to bringing it down and making it available to the house, but it is in the form of letters that are coming in continuously from his office to the department here, and it has to do with such matters as the experiment we are now carrying on in connection with the sale of beef in Great Britain, which is a very interesting experiment, and other matters of that kind. All the information that is contained in the correspondence could be put in such a form as to be more helpful to members of the committee than it would be if the letters themselves were simply brought down. When we come to consider the estimates for marketing services, we might have available the reports on these different matters and have them produced at that time.

Mr. SENN: But that is what we should like to have at the present time. We should like to have the information sent by the commissioner to the Department of Agriculture. As the minister states, the experiment that is taking place in the shipment of chilled beef is important, and the committee is entitled to information.

Mr. GARDINER: With all due respect I do not think we should be in order in discussing that under this item. That should be discussed under marketing.

Mr. SENN: I am not asking that it be discussed at the moment, but the minister mentioned that Mr. Allen had been appointed and sent over there, and for the sake of facilitating matters I am asking that he bring down those letters for the information they contain. It would probably help in getting the estimates through, because without it we might ask a lot of questions which otherwise would be unnecessary.

Mr. BROOKS: We have heard the statement made that there is overlapping between the provincial departments of agriculture and the federal department. Where is the division of responsibility, and what officers would be responsible for the liaison between the federal Department of Agriculture and the different provincial departments?

Mr. GARDINER: There has been a committee acting for some years to carry on discussions between the different provincial departments and this department to avoid overlapping. The last gathering for general discussion I think was about two or two and a half years ago. At that time it was decided that there was no serious overlapping between the federal and the provincial departments of agriculture, and no additions to the activities of this department have since been made which would result in further overlapping than there was then.

The provincial departments carry on in connection with agriculture in much the same way as they do in connection with other provincial activities—taking care of educational matters for example. We have no educational institutions of the type of the provincial agricultural colleges and schools. All that type of work is done by the provinces. But the general experimental work on experimental farms is done by the federal department. In the production services a greater proportion of the work is carried on by the provinces than by the dominion. In matters such as the grading of farm products there would be overlapping but for the fact that most of the provinces have appointed our inspectors as provincial inspectors in order to do much of the grading work that is done within the provinces. We have and can enforce grades for interprovincial and export trade, but we are not able to enforce those grades within the provinces themselves. In that case the provinces enact legislation setting up the same grading system as we have, and then they ask our men to become their appointees and enforce the same grading services within the province. There is no overlapping in personnel, their work is done by men who are maintained by the federal government.

Mr. BROOKS: Have the federal or the local departments most to do with marketing?

Mr. GARDINER: We have the most to do with the marketing end. All grading services come under that. We do the work, but some of the legislation is provided by the provinces.

Mr. McNIVEN: The minister indicated that one of the branches of his department was scientific. Is any work being conducted through the minister's department or through the national research council to find other uses for wheat? What I have in mind is something similar to what is being done with

the soya bean and the investigations of Doctor Carver to find new uses for the peanut. Is anything of that kind being done so far as wheat is concerned by the Department of Agriculture?

Mr. GARDINER: Taking the soya bean as an example we are carrying on experiments in its breeding and production in order to suit it to different climatic conditions. But research work with regard to uses of the soya bean is carried on by the research council.

Mr. McNIVEN: Under what department is that?

Mr. GARDINER: That is under trade and commerce, but reports are made to the Department of Agriculture.

Mr. GRAYDON: I notice that a resolution which is on the order paper and may come before the house this session has to do with a system of dominion scholarships, a proposal which was very ably sponsored last year by the hon. member for Essex East (Mr. Martin). Mention is made in the resolution of assistance in securing adequate academic training to enable young men and women to take their proper place as thoroughly trained leaders in industrial, professional and public life. Assistance is suggested for those who are unable to complete their courses in the various agricultural colleges of the dominion. In view of the large number of people who have taken a keen interest in the matter of scholarships, has the minister or his department given any consideration to the question whether or not assistance should be given by the Department of Agriculture in this connection?

Mr. GARDINER: As I said a while ago, education is under provincial control; we do not directly enter that field. But we do take into the service men who have benefited from scholarships, and from time to time promising young men who, we think, would be helpful in the service in years to come we send to the universities to instruct students and to work with those who are further advanced in certain lines; then we bring them back to the department in order to make use of their services. In that sense we assist them, because we pay their salaries while they are at the universities. But we have not put up scholarships.

Mr. BROOKS: In connection with education I notice that at the different experimental farms throughout Canada young men are attending short courses, sometimes for four or five weeks. Forty or fifty men are attending such a course at Fredericton. They are splendid courses and much valuable instruction is given. What arrangement is made with the local government for the payment of the expenses of these students who attend classes at the federal experimental stations?

Mr. GARDINER: We do not pay anything towards the expenses of the students. I understand that some provinces contribute towards the expenses of the students. But wherever we have men available we supply personnel to the provincial authorities for teaching these students, and pay them while they are doing it. And we supply our facilities at the different farms.

Mr. GRAYDON: In Ontario are any of these instructors taking part under dominion supervision in the various short courses conducted in the different counties?

Mr. GARDINER: There are some, but we are not in a position to cover the whole province. They go to Kemptville and from there to other places to assist, but we cannot cover all the classes conducted in the different counties.

Mr. GRAYDON: I believe very few educational activities, as far as young farmers are concerned, really bring about better results than the short courses conducted from time to time in the various counties of our province. Not only do they provide a type of education which is very necessary but in addition, from my experience over the last several years, they bring about a most remarkable advancement in community spirit as well. Over the years one can notice the general improvement which eventually comes to agriculture as a whole by virtue of the short courses that are given. I would suggest to the minister that any assistance he might be able to give in this work through cooperation by the federal department would be well worth while as far as the agricultural life of our dominion is concerned.

Mr. WOOD: I am interested in this discussion with regard to rural education, and I have listened carefully to the remarks of hon. gentlemen opposite. But for some time I have taken the view that there is great danger of overlapping our activities, and I feel that the minister would not be well advised to endeavour to go into the educational field which is so well looked after by the Ontario department of agriculture.

I was also interested in the remarks of the hon. member for Haldimand (Mr. Senn) who was concerned as to where he could get certain information. That is one field in which the Ontario department has had very considerable

success. Anyone can go into the branch offices of the department and find racks of bulletins containing all the information that may be desired. I do not think it is the duty of the federal department to establish an information bureau especially for the members of parliament; that is not particularly our business. When we go home for week-ends we can go to the branch office and get any information we want.

I believe we spend a great deal of money unnecessarily because of the overlapping of these services. I sometimes question the advisability of maintaining a central experimental farm here in Ottawa when we have such splendid farms in each province. I sometimes wonder if that money could not be spent better in other directions. I do not claim to be an authority on the subject, but this is one of the things that come into the mind of the average farmer to make him wonder whether we are getting the best possible value for the money we spend. The government is asked to do so many things. A question was raised this evening in connection with supplying seed wheat, and as an Ontario farmer I marvel at the ability of our western men—whom I always look upon as masters of brilliant intellect—to be spoon-fed, as I think the hon. member for Parkdale put it a couple of years ago. No doubt that was how he came to coin the phrase. They expect the government to supply them with seed wheat. Down in Ontario we try to make our own effort, and I think the minister is to be commended on attempting to bring out a little self-reliance in some of these people, even though they may have to drive twenty-five miles. If they cannot afford to buy rust-resistant wheat why not do as I have to do when I want some new variety? I buy a bushel or two and sow it, and then I have my seed for next year. I have no money to spend extravagantly. If I want a team of horses I generally sell the $200 horse and buy $50 colts, and I think if the farmers in the west would do something like that they would not have so many difficulties.

I want to come back to the question of education. I hope the minister will not be induced, by the very able speech of the hon. member for Peel (Mr. Graydon), to duplicate the educational activities which are so well administered by the province. I am quite a believer in the school of experience. So far as scholarships are concerned, I am doubtful whether any service could be rendered in that way. Not long ago my attention was drawn to the type of men who are at the head of the United States Steel Corporation and the Standard Oil Company. Of course this is a little outside agriculture, but they are two of the largest concerns on the north American continent. I noticed that the men at the head of those two firms were poor boys, raised on farms and having the benefit of only a very limited public school education. That would seem to prove that there is something in the atmosphere of the farm which, if properly applied, brings out the ability that is in a man. True, he must be able to develop his mental capacity, but I am not so sure that we derive any substantial results from some of these scholarships, which by the way are very expensive; I am not sure that those who have benefited have really made any important contribution to the nation as a result of these expenditures.

These are just some thoughts I have picked up from my association with men living in my own atmosphere, but I think they are worth considering. Let me say once more that I hope the minister will not be lured, by the fine speeches of those opposite, into broadening out into a wider sphere when I think perhaps we have too much duplication already.

Mr. LOCKHART: I would suggest that if any of the friends of my hon. friend try to get a position in the civil service in connection with agriculture he will see how far they get without a scholarship.

Mr. WOOD: I always sympathize with anyone who applies to the civil service commission or the government for a position. It is one of the last places I would want to work, and really I do not advise any of my friends to apply for government jobs.

Mr. SENN: I should like to take this opportunity of thanking my colleague and neighbour the member for Brant (Mr. Wood) for telling me just where I can get all the information that may be required in connection with agriculture throughout the dominion. I had thought, of course, that certain information could be better obtained from the federal department than could be found in the archives or publications of any particular province.

I have been surprised at the scope of this discussion, having in mind what the minister said a few moments ago when I was trying to get him to lay certain papers on the table. He said that request was rather wide of the mark in discussion of this particular item, but since then we have gone considerably further afield. The minister chose to ignore what I thought was a very reasonable request, that this information should be tabled, but I am going to make another appeal to him. After all, this gentleman is

a paid official of the government; public money is expended in paying his salary and expenses, and I think the information he sends back to the Department of Agriculture should be made available to parliament. If there is anything that is confidential, that is a different matter, but I do not see why there should be anything confidential in a public servant giving information to his minister or to the department which he is serving. I make one more appeal to the minister to allow that correspondence and information to be placed on the table for the use of members of this house, because I think it will assist him in getting his estimates through.

Mr. GARDINER: I hope the hon. member did not think I was ignoring the matter. I simply stated that it was departmental correspondence. I do not know that it would be of any particular use to the house in its present form. I have no objection to its being brought down, which might be done through an order for return; or I can bring it down and lay it on the table when we discuss the matter again. However, I do think it would be very much more useful if, before bringing it down, we put the information in some sort of shape that would make it more easily understood. I do not think anyone would want to go through a file of departmental letters written back and forth, but if they are wanted I can bring them down.

Mr. SENN: I have no desire to embarrass the minister or to find out anything that is at all confidential. On the other hand the very remarks which might be most important might be left out of any report that was made. What the minister might consider unimportant other members of the committee might regard as important. I am making what I think is a reasonable request when I ask that the information be tabled.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—
218. General administration, $972,135.

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Chairman, I desire only that the item be called; there is really no time for any discussion on it to-night. I would ask that it stand.

Mr. STEWART: Mr. Chairman, I would refer hon. members to a statement made last night at the adjournment hour, when the Prime Minister was asked about the business for to-day. The right hon. gentleman said:

Mr. Mackenzie King: To-morrow we shall take up the resolution with respect to the trade agreement between Canada and the United States. I understand there is a desire not to proceed with the debate to-morrow in which event we would go on with supply, and take the estimates for the Department of Agriculture, Public Works or National Revenue.

That is open to the interpretation of taking only one department. I have no objection to taking two, but I do not think we ought to go into more than two.

Mr. ROSS (Moose Jaw): Did he say "or" or "and"?

Mr. STEWART: "Or."

An hon. MEMBER: "Or" means "and."

Mr. STEWART: It does not mean "and," in that connection.

Mr. ROSS (Moose Jaw): Did the Prime Minister say "the Department of National Revenue, the Department of Agriculture or the Department of Public Works"?

Mr. STEWART: He said ".... take the estimates for the Department of Agriculture, Public Works or National Revenue." That means one department, if it means anything.

An hon. MEMBER: Two.

Mr. STEWART: We have admitted two.

Mr. ROSS (Moose Jaw): What is the matter with three?

Mr. STEWART: I think two is enough.

Mr. LAWSON: We can easily stop it by discussing the item which has just been called.

Mr. STEWART: We ought to go into two departments, according to the understanding, and no more. That is enough to keep us going.

Mr. McLEAN (Melfort): Is there a desire on the part of the acting leader of the opposition to take four departments to-night?

Mr. STEWART: I do not think that question requires an answer at all. If the hon. member was listening he would know I said that the Prime Minister's statement meant one department. Why should I say four departments?

Mr. McLEAN (Melfort): It seems so foolish, when the department is available and when members are willing, that the hon. member who is acting as leader of the opposition should try to delay those departments getting into supply.

The CHAIRMAN: Item 292.

Mr. STEWART: What is that?

The CHAIRMAN: Public works, page 31 of the estimates.

Mr. LAWSON: We have not disposed of item 218 yet?

The CHAIRMAN: Item 218 was to stand.

Mr. STEWART: Are we going to follow out the understanding, or are we going to violate it? There is no desire to hold up the business, but the two departments taken will meet the requirements of the government to have something to deal with and something to discuss.

Mr. LAPOINTE (Quebec East): If the hon. member thinks there is a breach of any understanding, we certainly will not proceed. But really I do not see why we should not go into those departments, in order to be ready to go on with them when the time comes. No hon. member is losing any privilege or any right by permitting that. But if the hon. member insists—

Mr. LAWSON: We are losing the opportunity of discussing matters we want to discuss on going into supply.

Mr. ILSLEY: Do I understand, then, that the Department of National Revenue is before the committee, and that item 218 has been called?

Mr. LAWSON: Yes.

Mr. ILSLEY: And the question is whether items may be called in the Department of Public Works.

Mr. STEWART: Yes.

Mr. ILSLEY: I presume the Prime Minister thought he had intimated that he wanted to go into the three departments named, but I do not know.

The CHAIRMAN: Item 292.

Mr. STEWART: Mr. Chairman, I renew my objection to the taking up of item 292, and say we should go back to the item in the Department of National Revenue. Surely these two departments will furnish ample material for discussion.

Mr. LAPOINTE (Quebec East): All right, then.

The CHAIRMAN: Did the minister call another item in the Department of National Revenue?

Mr. ILSLEY: No.

Mr. LAWSON: The minister can go back to item 218.

[The Chairman.]

Mr. ILSLEY: We can discuss item 218, then, if hon. members wish.

Some hon. MEMBERS: Carried.

Mr. LAWSON: Will the minister be good enough to make an explanation of this item? There seems to be some change in the classification of appraisers—either that, or there is a large increase in salaries. About one-third of the way down on page 138 there are items of $4,000, $16,000 and $19,000, in round figures, in the estimates for 1939-40. Then there is an item of $10,260 in the estimates for 1938-39, which does not appear in the figures for the ensuing year. Do those relate to the same subject matter?

Mr. ILSLEY: Yes; there has been a reclassification, which means that there are fewer customs reviewing appraisers, and therefore a decrease under that item. There are more dominion customs appraisers, and therefore an increase under those items. Unless there is some offsetting decrease elsewhere, which at the moment I do not see, there has been apparently a net increase.

Mr. LAWSON: Apparently the increase is in the neighbourhood of $30,000. That seems extraordinary in one year, by a mere reclassification, unless there are a great many more appraisers.

Mr. ILSLEY: The number is increased, as indicated in the first column on the page under the figures 1939-40.

Mr. LAWSON: Apparently there is an increase up to thirteen or fourteen, whereas previously there were only three. What is the reason for the increase?

Mr. ILSLEY: There have been some transfers from other classifications. For instance, lower down on the page there is a decrease of seventeen customs reviewing appraisers, grade 1. That is about three-quarters of the way down the page.

Mr. LAWSON: But right above that there is an increase of eight, again.

Mr. ILSLEY: There the balance is the other way.

Mr. LAWSON: And an increase of sixteen in the next item below that.

Mr. ILSLEY: One would have to go through all the items to see whether or not there had been a net increase.

Mr. LAWSON: Has not the minister available a memorandum showing the reason for these changes in classification, what the result has been, and how much more money it is costing the taxpayers?

Mr. ROSS (Moose Jaw): It is not costing us more.

Mr. ILSLEY: There has been an increase in salaries for the appraisers branch. The authorized compensation for 1938-39 was $151,965.

Mr. LAWSON: That is for appraisers only?

Mr. ILSLEY: That is in the appraisers' branch. The estimated compensation for 1939-40 is $172,535. Part of that is accounted for by statutory increases which amount to $5,370.

Mr. LAWSON: That would leave about $15,000 for new employees?

Mr. ILSLEY: That is it.

Mr. LAWSON: How many new appraisers have been created—on balance, I mean?

Mr. ILSLEY: The $15,000 would not be entirely for new employees. There are increases in salaries.

Mr. LAWSON: I deducted the statutory increases.

Mr. ILSLEY: There are increases that are not statutory, due to reclassification of positions.

Mr. LAWSON: Could the minister tell me, on balance, how many more appraisers it is proposed to have for 1939-40?

Mr. ILSLEY: If the hon. gentleman wants that exactly—

Mr. LAWSON: Approximately.

Mr. ILSLEY: Approximately there is no change.

Mr. LAWSON: There may have been one or two appointments, but nothing beyond that?

Mr. ILSLEY: That sums up the situation.

Mr. LAWSON: I understand appraisers are not appointed by the civil service commission.

Mr. ILSLEY: Yes, they are.

Mr. LAWSON: Do they not come under the national revenue act?

Mr. ILSLEY: They do, but I do not exercise my powers under that act. The civil service commission appoints them all.

Mr. MARSHALL: Has there been any general reduction in staff throughout the whole department?

Mr. ILSLEY: This item may be a little misleading. There has been a transfer of quite a number of officers from national revenue to trade and commerce. The statistical branch has been moved from national revenue to trade and commerce.

Mr. COLDWELL: I think the minister is to be complimented upon not using his powers under the national revenue act. There is another matter I should like to discuss under this item. I should like to know who is responsible for the issuance of regulations in connection with appraisals, and so on, particularly in connection with the hundred dollar tourist exemption. Last year I drew the attention of the minister to the regulations that had been issued. For example, if automobile tires were on the wheels of a car they were dutiable, and if clothing was being worn it was dutiable. At that time the minister made a statement and I believe he read the regulation. As I recall it, the regulation is that an article can be brought in under this exemption if contained within baggage. I am sorry I did not bring the particular *Hansard* down with me, but as I remember it the resolution of parliament was that this exemption should include articles included in baggage. There is a distinct difference between "contained within" and "included in." An article might be shipped by rail and be included in, but not contained within, baggage. It seems to me that what has occurred in connection with this particular item is a gradual increase in the restrictions which has to a large extent eliminated the intention of parliament.

Mr. ILSLEY: No.

Mr. COLDWELL: The minister says "no," but I put this before him so that he can clear it up. I note that the balance as between Canada and the United States is greatly in favour of Canada. American tourists buy much more in Canada than Canadian tourists buy in the United States.

Mr. ILSLEY: I do not know, because there are no statistics to show.

Mr. COLDWELL: There are estimates.

Mr. ILSLEY: I have never seen any estimates of what the Americans buy here under the hundred dollar exemption.

Mr. COLDWELL: I have seen them from time to time. I think it is quite logical one should make such an estimate, because more Americans enter Canada to buy woollen goods, chinaware and other things. When Canadians from western Canada cross the border into the United States, very often they have no money with which to purchase goods in that country.

Mr. ILSLEY: There is a greater variety of goods purchased in the United States.

Mr. COLDWELL: I just wanted to bring this to the attention of the minister. I notice that the United States regulations have been tightened up to meet ours. Not long ago an American tourist could enter this country, remain a few hours to purchase goods, and then go back. To-day he must remain forty-eight hours, the same as Canadians have to remain in the United States.

Mr. ILSLEY: We did not tighten up ours.

Mr. COLDWELL: I am pointing out these things because I believe the intention of parliament was one thing and the regulations are another. I notice it is close to eleven o'clock, and I shall discuss this matter at another time. In spite of the fact that we talk about lowering the barriers against goods coming into this country, the method of appraising for duty purposes retains at all times about the same amount of protection as when we had a relatively higher tariff. I think that that is correct in many instances, although not in all.

Progress reported.

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

Wednesday, February 15, 1939

The house met at three o'clock.

TRADE AGREEMENTS

CANADA-UNITED STATES—POLICY RESPECTING RECIPROCAL AGREEMENTS WITH OTHER COUNTRIES

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the permission of the house, Mr. Speaker, I should like to call attention to something I said in the course of the debate yesterday, which might have created an entirely erroneous impression and which, if it were not corrected at the earliest possible moment, might also occasion some embarrassment in the relations of Canada with other countries.

Speaking on the question of the government's policy with respect to entering into reciprocal agreements with other countries, I stated that our policy was to enter into reciprocal agreements with any countries that were prepared to enter into similar agreements with Canada, and I made that position quite clear in the following words:

Canada, then, on both political and economic grounds, is committed to a policy of peace and good will, and of freer exchange with countries which will meet us half way.

[Mr. Ilsley.]

Then I mentioned the countries to which we feel more especially committed, and I went on to say:

So far as greater freedom of trade is concerned, we are always willing to add to these countries, other countries prepared to trade with us on a reciprocal basis. . . .

And I continued:

. . . guided by the same democratic ideas, such as France, the Scandinavian countries, Holland and Belgium. . . .

I had intended after mentioning these countries also to say that we were prepared to enter into reciprocal agreements with other countries that did not necessarily have the same domestic policies as we have, but I omitted to do so. I thought the matter was so important that in looking over the transcription of the reporter's notes last night I immediately made the necessary revision so that my second statement would be in complete accord with the first and would read:

. . . we are always willing to add to these countries, other countries prepared to trade with us on a reciprocal basis, whether they be countries whose policies are guided by the same democratic ideas, such as France, the Scandinavian countries, Holland and Belgium, or countries with domestic policies differing from our own.

That was what I intended to say, but in the haste of speaking I omitted to make clear the fact that the policy of the government is, as first stated, to make reciprocal trade agreements with any country, but not to regard the domestic policies of particular countries as a bar to entering into these agreements. I make this statement because *Hansard* had reported me correctly and the press has reported correctly what appeared in *Hansard*. I felt however, that unless this change were made immediately it might occasion embarrassment in some other parts of the world as well as here. The house will appreciate why I felt it necessary to make the correction at the earliest possible moment.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FARM IMPLEMENT AND TRACTOR PRICES

Mr. LACOMBE:

1. Was a reduction made on the listed price of farm implements and tractors during the year 1938?
2. If so, what companies effected a reduction in their prices?
3. At what time of the year were such reductions made?
4. What is the amount of the price reductions on tractors, open gear-binders, closed gear-binders, ploughs, seed-drills and every other farm implement?

Mr. GARDINER: The information which would constitute an answer to this question is not available in a form which we could guarantee as being correct, and I suggest that the question be dropped.

Mr. SPEAKER: Dropped.

PRAIRIE FARM REHABILITATION ACT—CONSTRUCTION OF DUG-OUTS AND DAMS IN SASKATCHEWAN

Mr. PERLEY:

1. What is the total number of dug-outs, and the total number of dams constructed in the province of Saskatchewan under the Prairie Farm Rehabilitation Act since its coming into force?

2. How many dug-outs and dams were constructed in the said province during the year 1938, and what were the total costs of: (a) dug-outs, and (b) dams, during the said year?

Mr. GARDINER:

1. Total number of dug-outs, 2,048; total number of dams, individual and community, 1,424; total number of dams, large projects, 34.

2. (a) 1,290 dug-outs, $95,719.54; (b) 790 dams, individual and community, $89,141.50; 19 dams, large projects, $231,501.91.

JAMES COYNE

Mr. PERLEY:

1. Was Mr. James Coyne, of Winnipeg, counsel or assistant counsel on any of the royal commissions which have been appointed?

2. If so, how much per day did he receive?

3. What total amount has he received as counsel or assistant counsel on any commission or commissions?

Mr. RINFRET:

1. Assistant counsel, royal grain inquiry commission.

2. $10 per day living allowance, $50 per day legal fees.

3. Living allowance, $2,470; legal fees, $18,475; travel, $1,308.74. Total amount paid, $22,253.74.

ANIMAL CONTAGIOUS DISEASES ACT—SPECIAL PERMITS

Mr. GRAYDON:

1. How many special permits each year have been granted by the veterinary director general under section 93 of the quarantine regulations pursuant to the Animal Contagious Diseases Act: (a) in the township of Toronto, county of Peel; (b) in Ontario; (c) in Canada?

2. Before such special permits were granted, were the local municipal council or local board of health consulted in each instance?

3. If so, did the said municipal council or local boards of health approve the issuance of such permits?

4. What are the names and addresses of persons or corporations operating "piggeries" in the township of Toronto, pursuant to the aforementioned quarantine regulations?

5. Has the veterinary director general received any complaints or objections in writing or otherwise from neighbouring residents with respect to any of the said "piggeries" in the said township of Toronto?

6. What applications, if any, for further special permits in the said township of Toronto, are now under consideration?

Mr. GARDINER:

1.	(a)	(b)	(c)
1921-22	..	94	223
1922-23	..	40	138
1923-24	..	70	172
1924-25	1	20	61
1925-26	2	57	144
1926-27	..	65	159
1927-28	..	66	140
1928-29	1	65	150
1929-30	..	74	176
1930-31	..	48	119
1931-32	..	64	153
1932-33	..	46	127
1933-34	..	45	129
1934-35	..	44	143
1935-36	..	58	153
1936-37	1	43	120
1937-38	1	55	160
1938-39 to date	1	38	90
	7	922	2,557

(Figures for previous years not available).

2. No.

3. Answered by No. 2.

4. J. Heck, Cooksville; R. McKay, Cooksville; J. A. Todd, Cooksville; R. Walton, Malton.

5. Yes.

6. None.

CANADIAN BROADCASTING CORPORATION EMPLOYEES

Mr. HARRIS:

1. What are the names of the paid employees, including the general manager and all others, of the Canadian Broadcasting Corporation throughout the dominion?

2. What salary does each receive?

3. What living, travelling or expense allowance was each paid in the year 1938?

Mr. HOWE: This question refers to a matter of the internal management of an autonomous corporation. Inasmuch as a committee of this house has been appointed to investigate all matters affecting the Canadian Broadcasting Corporation, I think we should take the same position as is taken in connection with the Canadian National Railways and decline to answer a question of this type.

Mr. MANION: I wish to protest against that attitude, without going any further into the question at the moment.

GORDON RESERVE, SASKATCHEWAN, WATER LINE

Mr. COLDWELL:

1. Is a water line being built on the Gordon reserve in Saskatchewan?

2. If so, what is the name of the contractor?

3. What is the amount of the contract?

4. Does the contract contain a fair wage clause?

5. If so, what amounts per hour should be paid to single men and married men by the contractor?

Mr. CRERAR:

1. Yes.

2. W. H. McDiarmid.

3. Approximately $2,800.

4 and 5. The contract was on a cost plus basis and the schedule of wage rates applicable to the work was as follows:

	Cents per hour
General foreman	80
Carpenter	70
Tractor operator	50
Motor truck driver	40
Labourers	40
Indian labour	20 to 25

SUPREME COURT BUILDING

Mr. GREEN:

1. Has a contract been let for the erection of a new supreme court building in the city of Ottawa?

2. If so, to what company?

3. What is the estimated total cost of the erection and furnishing of this building?

Mr. CARDIN:

1. Yes.

2. Anglin-Norcross Ontario Limited, of Montreal, the lowest tenderers.

3. $3,360,000, including surrounding terraces and underground garages.

CANADIAN NATIONAL RAILWAYS — FINANCIAL STATISTICS

Mr. WALSH:

1. What were the passenger revenues, passenger operating expenses, net revenues, and passenger operating ratios of the Canadian National for the years 1934, 1935, 1936, 1937, and 1938 respectively?

2. What were the receipts from ticket sales at each of the stations of the Canadian National Railways in the city of Montreal which it is proposed to consolidate under the proposed tunnel development for the years 1934, 1935, 1936, 1937, and 1938 respectively?

3. What was the amount expended on the Montreal terminals development under S.C. chapter 12, 1929, up to December 31, 1938?

[Mr. Speaker.]

Mr. HOWE:

1. Passenger revenue: 1934, $16,331,229; 1935, $16,644,700; 1936, $17,021,746; 1937, $18,944,767; 1938, $18,096,849. These amounts do not include sleeping and chair car, mail, express and other passenger train service revenue.

No figures are available which correctly reflect the segregation of passenger operating expenses and passenger operating ratios.

2. It is not considered in the interests of the Canadian National Railways to give the information requested.

3. $16,651,345.

AUTOMOBILES ENTERING AND LEAVING CANADA THROUGH ST. LAWRENCE RIVER PORTS

Mr. CASSELMAN:

How many automobiles entered and left the country respectively, through the ports of Cornwall, Morrisburg, Prescott, Brockville, Gananoque and Kingston, during each of the calendar years 1936, 1937 and 1938?

Mr. ILSLEY:

	1936	1937	1938
Cornwall, Ont.			
Canadian automobiles:			
Inwards	18,927	21,816	20,874
Outwards	19,039	21,509	20,693
Foreign automobiles:			
Inwards	18,558	24,012	20,325
Outwards	19,486	25,643	21,946
Morrisburg, Ont.			
Canadian automobiles:			
Inwards	3,195	3,030	3,252
Outwards	3,322	3,023	3,270
Foreign automobiles:			
Inwards	4,601	5,514	4,929
Outwards	5,167	6,119	5,663
Prescott, Ont.			
Canadian automobiles:			
Inwards	8,972	10,207	10,033
Outwards	9,058	9,921	9,789
Foreign automobiles:			
Inwards	16,062	17,130	13,408
Outwards	15,442	16,696	13,949
Brockville, Ont.			
Canadian automobiles:			
Inwards	3,593	3,721	3,110
Outwards	3,541	3,730	2,976
Foreign automobiles:			
Inwards	10,508	11,687	8,426
Outwards	10,601	11,815	8,858

Gananoque, Ont

	1936	1937	1938
Canadian automobiles:			
Inwards	1,031	1,046	698
Outwards	1,040	1,184	790
Foreign automobiles:			
Inwards	6,540	6,928	4,709
Outwards	7,629	8,727	6,034

Kingston, Ont

Canadian automobiles:			
Inwards	....	4	2
Outwards	4	8	3
Foreign automobiles:			
Inwards	223	100	105
Outwards	93	136	132

IMPORTATIONS OF CEREAL GRASS

Mr. STEWART:

1. What is the total quantity of cereal grass imported during the year 1938?

2. From what country or countries were such imports made?

3. What is the rate of duty on such imports?

4. Is cereal grass used in the preparation of balanced rations for live stock and poultry?

5. What are the names and addresses of such importers?

Mr. RINFRET:

1. and 2. Imports of cereal grass not separately recorded. 3. Dehydrated cereal grass not further processed than ground or sifted has been rated free of customs duty under tariff item 535.

4. Yes.

5. Information not available.

IMMIGRATION FROM GERMANY AND AUSTRIA

Mr. HEAPS:

1. What was the total number of immigrants who came to Canada during the calendar year 1938 from Germany, including Austria?

2. How many were heads of families?

3. What are the occupations of those who arrived in the dominion?

Mr. CRERAR: The question in its present form cannot be answered, for the reason that the department classifies and keeps its statistics regarding immigration on the basis of racial origin.

Mr. SPEAKER: Answered.

DOMINION HOUSING ACT—LOANS

Mr. GRAYDON:

1. How many loans were made in each year under the provisions of the Dominion Housing Act, 1935, in: (a) Peel county; (b) Canada as a whole?

2. What is the total amount so loaned in each year under the provisions of the said act in: (a) Peel county; (b) Canada as a whole?

Mr. DUNNING:

1. (a) Four loans, all for single family housing units, were made in Peel county under the Dominion Housing Act, as follows: 1936, 1; 1937, 1; 1938, 2.

(b) Loans made and family housing units provided under the Dominion Housing Act in each year were as follows:

	1935	1936	1937	1938
Loans	75	650	1,426	1,220
Units	99	934	1,961	2,301

2. (a) Amount of loans made in each year in Peel county was as follows: 1936, $3,000; 1937, $3,500; 1938, $6,788.

(b) Amount of loans made in Canada in each year was as follows: 1935, $525,070; 1936, $4,444,788; 1937, $8,066,195; 1938, $8,119,602.

Mr. GRAYDON:

1. Under the provisions of the National Housing Act, 1938, how many loans have been made in accordance with: (a) part one; (b) part two; (c) part three of the said act, (1) in the dominion, (2) in the county of Peel?

2. What is the total amount so loaned in each instance?

Mr. DUNNING:

(a) (1) In the five months of operation under the National Housing Act, 1938, part I, from August to December inclusive, 1938, 1304 loans providing for 1837 family housing units were approved in the amount of $6,522,347.

(2) In the same period approval was given to four National Housing Act loans providing for four family housing units and amounting to $16,956 in Peel county.

(b) No loans have as yet been made under part II of the National Housing Act.

(c) Loans are not made under part III of the National Housing Act. This part provides for the payment of taxes on new low cost homes on certain conditions as set out in the act.

NATIONAL EMPLOYMENT COMMISSION

Mr. GRAYDON:

1. What persons constituted the Canadian employment commission?

2. What was the total amount paid to each of the commission members for salaries, living allowances, travelling and other expenses?

3. What recommendations, if any, made by the reports of the said commission have been put into effect by the government?

4. What was the total cost to Canada of the said employment commission?

Mr. ROGERS:

1. Arthur B. Purvis, Montreal, Quebec; A. N. McLean, Black's Harbour, New Brunswick; Alfred Marois, Quebec, P.Q.; Tom Moore, Ottawa, Ontario; Mrs. Mary M. Sutherland, Wells, British Columbia; W. A. Mackintosh, Kingston, Ontario; E. J. Young, Dummer, Saskatchewan.

2.	(a) Salaries	Per diem allowance	(b) Living allowances	(c) Travelling and other expenses	Total
A. B. Purvis	Nil	Nil	Nil	Nil	Nil
A. N. McLean	Nil	Nil	Nil	$2,858 55	$2,858 55
A. Marois	Nil	$3,529	Nil	1,611 46	5,140 46
Tom Moore	$7,425	Nil	Nil	609 95	8,034 95
Mrs. M. M. Sutherland	Nil	9,445	Nil	5,117 80	14,562 80
W. A. Mackintosh	Nil	3,066	Nil	1,281 95	4,347 95
E. J. Young	Nil	4,895	Nil	2,518 80	7,413 80

Note.—P.C. 1140 of May 13, 1936, provided for remuneration at the rate of $20 per day and actual expenses, while engaged on the work of the commission, except Mr. Tom Moore, who was in receipt of a salary of $9,000, less 5 per cent, as a member of the employment and social insurance commission to February 29, 1937, and then received a salary of $675 per month from March 1, 1937, from the national employment commission. (P.C. 492 of March 30, 1937.)

3. Action has been taken to date by the government toward the implementation of the following recommendations of the national employment commission:

(a) a national registration and classification of all persons receiving aid to which the dominion government contributes;
(b) a farm employment plan and supplementary plans designed to provide winter employment for homeless adults;
(c) a home improvement plan involving a limited government guarantee to lending institutions in connection with small loans for home repair and improvement work made under terms laid down by the dominion government;
(d) appointment of a youth employment committee and a women's employment committee;
(e) a dominion-provincial program of youth training and rehabilitation of the unemployed;
(f) invitation to the provinces of Ontario and Quebec to confer with dominion officials on agricultural relief (invitation not accepted);
(g) a current audit of unemployment relief expenditures at the seats of the governments of the provinces.

In addition, the government has been guided in the determination of its policy by the recommendations of the commission with respect to modernization of the employment service of Canada, low rental housing, public works and coordination of aid.

4. $325,549.26 divided as follows:

	National Employment Commission	Registration Branch
Commissioners		
Per diem remuneration and travelling expenses	$ 42,358 51	....
Youth Employment Committee		
Living allowance and travelling expenses	14,401 68	....
Women's Advisory Committee		
Living allowance and travelling expenses	13,149 92	....
Other expenses	103,413 06	$152,226 09
	$173,323 17	$152,226 09

PRAIRIE FARM REHABILITATION ACT—
SASKATCHEWAN CONTRACTS

Mr. PERLEY:

How many contracts of any nature whatsoever were let by the Prairie Farm Rehabilitation Act in the province of Saskatchewan for the period of January, 1938, to January, 1939?

Mr. GARDINER: 32.

SASKATCHEWAN RELIEF SEED

Mr. DOUGLAS (Weyburn):

1. Has the Saskatchewan government made application to the federal government for assistance in financing relief seed for the farmers this spring?

2. If so, on what date was application made?

3. What other bodies have made representations of this nature?

Mr. GARDINER: I answered this question last night, in addressing the house, as far as it is possible to answer it at the moment.

BROADVIEW, SASK., LANDING FIELD

Mr. PERLEY:

1. Was a landing field constructed by the Department of Transport at or near the town of Broadview, Saskatchewan, during the year 1938?

2. If so: (a) what was the total cost; (b) who were the contractors; (c) what was the amount of each contract?

3. Was labour used, or employed, from the Broadview district?

Mr. HOWE:

1. The Department of Transport started the construction of an intermediate aerodrome near the town of Broadview, Saskatchewan, latter part of the year 1937. Completed May 15, 1938.

2. (a) Purchase of land (1937-38), $1,486.50. Civil aviation (1937-38), $17,891.91. Civil aviation (1938-39), as at November 30, 1938, $22,336.25. Total to November 30, 1938, $41,714.66.

(b) and (c).

Contract No. 30582—Contractor, William R. Webb & W. G. Wellbelove, Broadview, Saskatchewan. Consideration, $3,419.85. Description, erection of a radio meteorological building at Broadview (Ekapo), Sask., on the route of the Trans-Canada Airways.

Contract No. 30590—Contractor, William R. Webb & W. G. Wellbelove, Broadview, Saskatchewan. Consideration, $3,867.60. Description, erection of a radio beacon station, including the construction of four antenna tower foundations at Broadview (Ekapo), Sask., on the route of the Trans-Canada Airways.

Contract No. 30604—Contractor, Dorosz Brothers and Ross, Regina, Sask. Consideration, $16,902. Description, development of the intermediate aerodrome site at Broadview (Ekapo), Sask., on the route of the Trans-Canada Airways.

Contract No. 30835—Contractor, P. W. Graham & Sons, Limited, Moose Jaw, Sask. Consideration, $11,822. Description, erection of living quarters for the radio staff of air services, including two residences and a double garage at the intermediate aerodrome, Broadview (Ekapo), Saskatchewan, (using wood bevel siding).

3. Yes. All unskilled labour obtained from Broadview district; skilled labour required for certain contracts was obtained from outside points.

WEYMOUTH N.S., WHARF

Mr. BROOKS:

1. Did the government purchase from Gilbert Belliveau a wharf at Weymouth, Nova Scotia?

2. If so, what was the purchase price?

3. What area adjacent to the wharf, and used with it, is available for piling space?

4. What are the dimensions of the wharf?

5. From whom, and when, did Gilbert Belliveau acquire title to said wharf, and for what amount?

6. Was said wharf under lease to one Taylor when purchased by the government?

7. If so, has the lease to Taylor been continued or renewed?

8. What is the rental and duration of the lease, if any?

9. What amount has been expended on repairs to this wharf since its purchase by the dominion government?

10. Was consideration given to the purchase of a wharf in the same locality, known as the Dunbar wharf, and were there any negotiations by the government for its purchase?

11. Why did the government purchase the said wharf instead of the Dunbar wharf?

Mr. CARDIN:

1. Yes, by expropriation.

2. $2,500.

3. None.

4. 266 feet long by 20 to 79 feet wide.

5. No information.

6, 7 and 8. Under lease to Weymouth Shipping Company. Lease not renewed.

9. None.

10. Yes, Dunbar wharf also known as Hankinson wharf.

11. Wharf purchased affords greater advantages to shipping and represents less maintenance costs.

RETIREMENT OF NATIONAL DEBT

Mr. LANDERYOU:

1. Will a plan be considered which, if pursued, would substantially reduce and eventually wipe off Canada's national debt? If so, in what manner will this plan differ from the policies pursued during the past thirty years?

2. Would the present financial policies now pursued by the present government, if continued for thirty, fifty or one hundred years, result in a complete retirement of Canada's national debt?

Mr. SPEAKER: I think this question is not in order, because it raises a question of policy too large to be dealt with in the limits of an answer to a question. In Campion's "An Introduction to the Procedure of the House of Commons", at page 128, paragraph 4 gives among examples of questions that are out of order, those—

4. Raising questions of policy too large to be dealt with in the limits of an answer to a question.

I think the question should be dropped.

MR. JUSTICE MITCHELL

Mr. LANDERYOU:

1. Has Mr. Justice Mitchell, of the trial division of the Supreme Court of Alberta, sat on any trial since he was appointed Chief Justice?

2. If so, when?

3. Does Mr. Justice Mitchell hold a position of administrator under the Farmers' Creditors Arrangement Act?

4. If so, at what salary per diem?

5. Does Mr. Justice Mitchell also draw salary as Chief Justice of the trial division of the Supreme Court of Alberta?

6. If so, what salary does he receive?

7. How many judges have been employed on the trial division of the Supreme Court of Alberta during each of the past twenty years?

Mr. RINFRET:

1. No information.

2. No information.

3. No. He is chief commissioner of the Alberta board of review appointed under the Farmers' Creditors Arrangement Act.

4. No remuneration is payable the chief commissioner but he is granted an allowance of $25 per diem and transportation while engaged on the work of the board of review, except when the board is sitting in Edmonton.

5. Yes.

6. $10,000 per annum.

7. 1918-19-20—None. 1921 to date—Six including chief justice.

(Note: Trial division of supreme court of Alberta established in 1921.)

[Mr. Cardin.]

THREE PER CENT EXCISE TAX—REVENUE FOR 1936-37-38

Mr. STEWART:

1. What is the total amount of revenue derived from the 3 per cent excise tax in each of the calendar years, 1936, 1937 and 1938?

2. What is the total amount of such excise tax in each of said years upon the articles mentioned in schedule one of the Canada-United States trade agreement, signed at Washington on November 17, 1938?

3. What is the total amount of revenue derived from said tax from all commodities free of duty in each of said years?

Mr. ILSLEY:

1. Calendar year 1936, $14,502,260.04; Calendar year 1937, $18,854,202.49; Calendar year 1938, $16,055,880.75.

2 and 3. Statistics are not kept relative to the amount of taxes collected on goods entered under the various tariff items.

PRAIRIE FARM REHABILITATION ACT—PURCHASE OF FENCE POSTS

Mr. COLDWELL:

1. Were bluestone-treated poplar fence posts procured under the Prairie Farm Rehabilitation Act at the stations of Porcupine Plains, Shelan, Steen or Bjorkdale, Saskatchewan?

2. If so, were said posts supplied under contract?

3. Who was the contractor or person who supplied them?

4. How many posts were supplied by this contractor or vendor?

5. How much did he receive for these posts at shipping points?

6. Was any material or equipment supplied or paid for by the government for the treatment of said posts?

7. Where were posts used?

8. What transportation costs, if any, were paid on these posts?

9. Were British Columbia cedar posts used in building a community pasture north of Gallivan, Saskatchewan?

10. What was the cost of said cedar posts at point of delivery for use at this pasture?

Mr. GARDINER:

1. Yes—Chelan.

2. Yes.

3. William Tomchuk.

4. 79,080 posts.

5. $7,626.60.

6. Yes.

7. Reserve community pasture, quarantine reserve grazing area, Govenlock, Sask. R. M. of Coalfields No. 4, community pasture, Bienfait, Sask. R. M. of Laurier No. 38, community pasture, Radville, Sask. L.I.D.'s 17 and 47, community pasture, Val Marie, Sask. R. M. of Wreford No. 280, community

pasture, Nokomis, Sask. R. M. of Oakdale No. 320, community pasture, Coleville, Sask. Battle Creek diversion canal, Consul, Sask. Battle Creek west outlet canal, Consul, Sask. Davis Creek diversion canal, Robsart, Sask. East end of Cypress lake canal, Robsart, Sask. Downie & Gap Creek canal, Maple Creek, Sask., Caron canal, Riverhurst and Central Butte, Sask.

8. $10,698.98.
9. Yes.
10. $3,290.08.

TESSIER, SASK., MAIL CONTRACT

Mr. COLDWELL:

1. Who carried the mail from Tessier post office, Saskatchewan, to station, up to November 1, 1938?
2. What was his remuneration?
3. Were there any complaints regarding this service?
4. If so, by whom?
5. Who carries the mail now?
6. What is his remuneration?
7. Upon whose recommendation was this appointment made?

Mr. McLARTY:

1. Mrs. L. J. Hamilton.
2. $249.60 per annum.
3. No.
4. See answer to No. 3.
5. George G. Saunders.
6. $195 per annum.
7. Mr. W. Richardson of Rosetown.

DOMINION EXPERIMENTAL FARM DRIVEWAY

Mr. HYNDMAN:

1. What was the total cost of constructing the new driveway through the dominion experimental farm?
2. What was the cost of the stone used in such construction, and from whom was it purchased?
3. What was the cost of the surfacing on this roadway?
4. Were tenders called for this construction?
5. If so, what are the names of those who tendered, and the amount of their respective tenders?

Mr. DUNNING:

1. $159,784.81.
2. $5,135.48—R. R. Foster and Sons; Fraser Duntile Co.; Laurentian Stone Co.; Wright Bros. Supply; T. S. Kirby and Co.
3. $25,500.48.
4. Yes, for surfacing material; the work of laying was done by commission's own forces.
5. O'Leary's Limited, $5.55 per ton; Standard Paving Company, $5.80 per ton; Dibblee Construction Company, $5.80 per ton.

OTTAWA DRIVEWAY — ST. PATRICK — HURDMAN BRIDGES SECTION

Mr. HYNDMAN:

1. What was the cost of the new driveway between St. Patrick and Hurdman bridges along the east side of the Rideau river?
2. From whom did the government obtain the land which makes up the parkway in the above location?
3. What price was paid for the property?
4. What was the total cost of such park and driveway?

Mr. DUNNING:

1. $33,742.95 (between St. Patrick and Cummings bridges).
2. Arthur Jolicoeur, Georges Roy, Rideau View Realty Company, and Town of Eastview.
3. $30,101.00.
4. $58,742.95.

GRANTS-IN-AID TO PROVINCES

Mr. LENNARD:

What were the total amounts of grants in aid furnished the different provinces during 1938 by the federal government?

Mr. ROGERS:

Agreements entered into with the provinces under the provisions of The Unemployment and Agricultural Assistance Act, 1938, provide for contribution by the dominion of the following percentages of the material aid expenditures of the province and municipalities for the fiscal year 1938-39 or the maximum amounts indicated whichever is the lesser: Prince Edward Island—30 per cent or $48,000; Nova Scotia—30 per cent or $210,000; Quebec —30 per cent or $4,800,000; Ontario—30 per cent or $5,580,000; Manitoba—35 per cent or $1,980,000; Saskatchewan—35 per cent or $2,430,000; Alberta—35 per cent or $1,500,000; British Columbia—30 per cent or $1,380,000.

Material aid is not being distributed in the province of New Brunswick and in lieu of a grant-in-aid for material aid purposes a special grant-in-aid agreement has been entered into with that province providing for a dominion contribution of $225,000 towards expenditures incurred by the province during the fiscal year 1938-39 in carrying on or assisting in carrying on certain projects and works, or 50 per cent of said expenditures whichever is the lesser.

TOURIST TRAFFIC STATISTICS

Mr. LENNARD:

How many tourists entered Canada during 1937 and 1938, respectively?

Mr. CRERAR: 1937, 18,263,400; 1938, 17,106,987.

ASSISTANCE TO WESTERN DROUGHT VICTIMS TO LOCATE IN EASTERN CANADA

Mr. LENNARD:

1. Has the government assisted families from the western burnt out areas to locate in eastern Canada?

2. If so, how many families were affected, and to what extent was aid given?

Mr. GARDINER: The answer is no.

MUENSTER, SASK., MAIL CONTRACTORS

Mr. COLDWELL:

1. Who are the contractors for carrying the mail on routes Nos. 1 and 2, Muenster, Saskatchewan?

2. What were the dates upon which these contracts were made or renewed?

3. What are the salaries paid to the said couriers?

4. Were tenders called last year for the position of mail courier on route No. 3, Muenster?

5. How many tenders were received?

6. By whom were they submitted, and for what amount?

7. Who was the successful tenderer, route No. 3?

8. What is his present salary?

Mr. McLARTY:

1. No. 1, Joseph Storch; No. 2, Henry Washkosky.

2. No. 1, renewed October 1, 1938. No. 2, renewed October 1, 1938.

3. No. 1, $400 per annum. No. 2, $350 per annum.

4. Yes.

5. Eight.

6. Martin Weber, Muenster, $235; Joseph H. Korte, Muenster, $240; Edward Loehr, Muenster, $244; Ervin Steffen, Muenster, $248; Gesa Szautner, Muenster, $260; Theodore Torborg, Muenster, $349; Peter Weber, Muenster, $350; Raymond Hilgers, Muenster, $365.

7. Martin Weber.

8. $235 per annum.

GRAINGER—CARBON, ALTA., MAIL CARRIER

Mr. JOHNSTON (Bow River):

1. Who is the present carrier of mail between Grainger and Carbon, Alberta?

2. What is the salary paid?

3. On what date does the present contract expire?

4. What is the mileage of this route?

Mr. McLARTY:

1. Alex. Hay.

2. $898.56 per annum.

3. 30th June, 1939.

4. 12 miles each way.

[Mr. Crerar.]

NATIONAL HOUSING ACT—LOANS TO MUNICIPALITIES IN QUEBEC

Mr. BRUNELLE:

1. What municipalities, in the province of Quebec, took advantage of the National Housing Act, 1938?

2. How many applications for loans under the said act were granted in each such municipality, and what was the amount of each loan?

Mr. DUNNING:

1 and 2. The National Housing Act, 1938, which repealed and reenacted the Dominion Housing Act with important amendments, was passed on July 1, 1938, but lending operations under the new Act did not begin until about August 1, 1938. The details of loans approved from August 1, 1938, to December 31, 1938, in the province of Quebec, are as follows:

Location	No. of loans	No. of family housing units provided	Amount of loan
Arvida	4	5	$ 15,920
Baie Comeau	49	51	226,671
Beauport	1	1	3,000
Beauharnois	1	1	4,000
Bromptonville	1	1	4,000
Cap de la Madeleine	3	6	11,040
Chicoutimi	1	1	8,000
Cote St. Luc	6	6	24,000
Dolbeau	1	1	2,000
Dorval	1	1	3,300
Drummondville	1	1	2,160
Giffard	2	2	7,200
Granby	2	2	4,370
Grandes Bergeronnes	5	5	9,800
Hampstead	12	40	170,030
Hudson Heights	1	1	4,700
Hull	1	2	6,200
Hull Twp	2	2	9,500
Joliette	1	1	3,800
Jonquiere	1	1	2,400
Lachine	9	9	27,680
Lachute	1	8	12,000
Longueuil	4	4	14,040
Magog	1	1	3,500
Montreal	31	159	511,280
Montreal West	1	1	3,900
Mont Laurier	1	2	3,000
Mount Royal	30	36	211,700
Outremont	5	72	236,720
Plessisville	4	4	12,400
Pointe Claire	5	5	19,960
Pointe aux Trembles	1	1	3,000

Location	No. of loans	No. of family housing units provided	Amount of loan
Quebec	7	36	$ 127,540
Rosemere	1	1	5,500
Saraguay	1	1	9,000
Senneville	1	1	8,000
Shawinigan Falls	2	4	11,500
Sherbrooke	3	5	18,900
Sillery	22	25	139,858
St. Bruno	1	1	4,000
Ste. Foy	1	1	4,540
Ste. Genevieve	1	1	8,000
St. Georges de Beauce	2	2	4,000
St. Hyacinth	4	10	17,000
St. Jerome	1	2	5,000
St. Joseph de Grantham	1	1	2,250
St Lambert	2	2	8,000
St. Laurent	2	2	7,000
Strathmore	1	1	3,800
Three Rivers	2	2	8,000
Vaudreuil	1	1	4,000
Verdun	3	3	10,880
Ville St. Pierre	6	6	23,500
Westmount	1	1	15,000
Windsor	1	2	3,000
	256	544	$ 2,029,539

The details of loans approved in the province of Quebec to December 31, 1938, under the National Housing Act, 1938, and its predecessor act, are as follows:

Location	No. of loans	No. of family housing units provided	Amount of loan
Arvida	5	6	$ 20,420
Baie Comeau	104	106	417,180
Baie D'Urfe	2	2	9,150
Beauport	1	1	3,000
Beauharnois	1	1	4,000
Bromptonville	1	1	4,000
Cap de la Madeliene	3	6	11,040
Chicoutimi	1	2	8,000
Cote St. Luc	20	37	158,050
Dolbeau	1	1	2,000
Dorval	5	5	21,000
Drummondville	1	1	2,160
Giffard	2	2	7,200
Granby	2	2	4,370
Grandes Bergeronnes	5	5	9,800
Hampstead	61	137	$ 669,316
Hudson	1	1	3,500
Hudson Heights	3	3	12,700
Hull	1	2	6,200
Hull Twp	2	2	9,500
Iberville	1	1	7,700
Joliette	1	1	3,800
Jonquiere	1	1	2,400
Lachine	20	20	71,630
Lachute	2	14	24,000
Longueuil	5	5	17,040
Magog	1	1	3,500
Montreal	242	664	2,599,032
Montreal East	1	1	4,000
Montreal West	4	20	70,600
Mont Laurier	1	2	3,000
Mount Royal	148	219	1,223,881
Noranda	1	2	4,800
North Hatley	1	1	2,750
Outremont	57	221	956,960
Plessisville	4	4	12,400
Pointe Claire	21	22	79,276
Pointe Aux Trembles	1	1	3,000
Quebec	12	52	196,370
Rosemere	1	1	5,500
Saraguay	1	1	9,000
Senneville	3	3	22,250
Shawinigan Falls	3	5	19,000
Sherbrooke	8	18	65,028
Sillery	62	66	368,356
St. Bruno	1	1	4,000
Ste. Foy	3	3	19,757
Ste. Genevieve	1	1	8,000
St. Georges de Beauce	2	2	4,000
St Hilaire	1	1	5,000
St. Hyacinthe	4	10	17,000
St. Jerome	1	2	5,000
St. Johns	2	2	9,200
St. Joseph de Grantham	1	1	2,250
St. Lambert	4	4	16,000
St. Laurent	9	10	44,000
Ste. Rose	1	1	3,500
Strathmore	1	1	3,800
Three Rivers	2	2	8,000
Valois	6	6	22,440
Vaudreuil	1	1	4,000
Verdun	6	7	28,580
Ville St. Pierre	7	7	27,350
Westmount	11	11	128,725
Windsor	1	2	3,000
	889	1,744	$7,521,461

GRADING OF HOGS

Mr. HYNDMAN:

1. How many official grades of live hogs are marketed in the abattoirs and stockyards of Canada?

2. What are the customary or official differential given or deducted for each grade?

3. From which grade of live hogs is each grade of Canadian Wiltshire sides as marketed in Great Britain manufactured?

Mr. GARDINER:

1. Nine.

2. An official differential applies as between the bacon and the select grades, a $1 per head premium being paid on the latter. Differentials betwen grades other than selects and bacons are not official; they may be subject to change when the relative volume and percentage of such grades show substantial increases or decreases, and such differentials differ as between one market and another. The present differentials at Toronto are: butchers, $1.25 per head; lights, open; heavies, $2.50 per head; extra heavies, $1.50 to $2 per hundred pounds. These prices from the basic "bacon" grade.

3. Selects and bacons.

GRADING OF HAMS AND BACON

Mr. SENN:

1. How many grades or classifications of Canadian Wiltshire sides are shipped to the British market?

2. What percentage of our total shipments to Great Britain fell within each of the above grades or classifications?

3. What was the average price per pound realized for each grade or classification in the year 1938?

4. How many pounds of Canadian hams were shipped to Great Britain in 1938?

5. What was the average price per pound in the said year?

Mr. GARDINER:

1. Six; with six weight divisions within each.

2. A1-47·8 per cent; A2-28·3 per cent; A3-14·3 per cent; B1-6·1 per cent; B2-2·5 per cent; B3-1·0 per cent.

3. Not available.

4. 33,613,012 pounds.

5. Average of weekly price for year £97 4s. per 112 lb.

CHURCHILL HARBOUR—IMPROVEMENT AND MAINTENANCE

Mr. PERLEY:

Was any portion of the vote passed in the estimates for improvements and maintenance of the harbour at the port of Churchill for the years 1937-38 not allocated? If not, why?

[Mr. Dunning.]

Mr. HOWE:

The following information furnished by the National Harbours Board:

Amount voted for Churchill harbour in estimates for 1937-38: (a) Capital, $10,000; (b) Deficit, $242,000. Work provided under item (a) Carried out; (b) Actual deficit realized $140,889. Difference between latter figure and amount voted represents expenditures not required or deferred in view of restricted operations owing to short crop.

BESSBOROUGH HOTEL, SASKATOON

Mr. ELLIOTT (Kindersley):

What was the total cost of the Bessborough hotel in the city of Saskatoon, including: (a) the cost of the site; (b) the cost of constructing the building; (c) the cost of the furnishings and equipment?

2. What were the gross receipts of the said hotel for the year 1937, and the year 1938, and what were the gross expenditures for operation, including salaries for the manager, assistants and staff?

Mr. HOWE:

1. As at December 31, 1938: (a) $130,188.76; (b) $3,036,304.93; (c) $400,965.93. Total, $3,567,459.62.

2. Gross receipts, 1937, $226,819.83; gross receipts, 1938, $224,206.88. Gross operating expenses, 1937, $244,951.11; gross operating expenses, 1938, $246,970.60. Operating deficit, 1937, $18,131.28; operating deficit, 1938, $22,763.72.

CANADIAN NATIONALS—PARTICIPATION IN SPANISH WAR

Mr. HURTUBISE:

1. Is the government aware of the fact that Canadian nationals have participated in the Spanish war?

2. Did the said Canadian nationals need permission from the Canadian government to enlist for said war?

3. If so, was any permission given to said Canadian nationals by the Canadian government to enlist for the said war?

4. If so, on what basis was permission granted?

5. If not, on what basis was permission refused?

6. How many joined: (a) with the Negrin forces; (b) with the Franco forces?

7. What help, if any, was given by the Canadian government to facilitate the movement of the said nationals to Spanish territory?

8. What help, if any, was given by the Canadian government to facilitate the movement of the said nationals back to Canada?

Mr. MACKENZIE KING:

1. Yes.

2. In July, 1937, the Foreign Enlistment Act, making it unlawful for Canadian nationals to enlist in the service of foreign countries, under certain conditions, was made applicable to Spain.

3. No permission was given.

4. Answered by No. 3.

5. Answered by No. 2.

6. No definite information.

7. None.

8. Following upon the decision of the Spanish government to return all foreign volunteers in its ranks, under supervision of a League of Nations committee, the Canadian government was asked by the non-intervention committee, through the British foreign office, to join with the European members of that committee in assisting repatriation. In order to determine promptly in each case the question of re-admissibility of volunteers to Canada as non-immigrants under the Canadian Immigration Act, the Canadian government through officials of the immigration department, undertook the examination in Spain and France of all volunteers who presented themselves for examination before sailing, but they declined to join members of the non-intervention committee in furnishing financial assistance for transportation or other purposes.

NON-IMMIGRANTS—PASSAGE OF THROUGH CANADA

Mr. PARENT (Quebec West and South):

1. How many emigrants of Hebrew, or other racial origins, landed at Halifax on their way to Australia during 1937, 1938, and 1939, to date?

2. How many of such emigrants sailed from Vancouver harbour on the way to Australia?

3. Was there a difference in number between those who landed at Halifax and those who sailed from Vancouver?

4. If so, were any searches undertaken to locate such missing emigrants?

5. Did the government confiscate the cash guarantee covering the passage of each such missing emigrant through Canada?

6. If such confiscation was made, what was the amount?

Mr. CRERAR:

1, 2, 3, 4. Immigration statistics are not kept in such a way as to provide answers to these questions. For many years non-immigrants, to which class transit passengers belong, have passed through Canada in transit to the United States, Australia, New Zealand, India, Japan, China and other parts of the Far East. We have no reason to suspect that any of the immigrants mentioned in Question 1 have remained in Canada. Care has always been taken to see that these have transportation and documents which will ensure their being able to reach their destinations. Whenever circumstances have arisen that might indicate an attempt to use the transit privilege as a means of remaining in Canada, steps have been taken to prevent that occurring. In 1924 an attempt was made by some Southern Europeans to effect illegal entry to Canada by declaring themselves to be en route to Australia. This movement was discovered in its early stages and those guilty were deported.

5. Cash guarantees or bonds are not taken in the case of persons in transit.

6. Answered by No. 5.

ROLLING HILLS IRRIGATION DISTRICT, ALTA.

Mr. QUELCH:

How many families: (a) from Alberta; (b) from Saskatchewan, have been selected for settlement in the Rolling Hills area of the eastern irrigation district, in southern Alberta?

Mr. GARDINER: (a) None; (b) 35.

MR. JUSTICE TILLEY

Mr. WOODSWORTH:

1. Has the government taken cognizance of the following news item in the Toronto evening *Telegram* of December 1, referring to Justice Tilley who, speaking at a St. Andrew's banquet, said: "Are we satisfied to let Great Britain and the United States protect us in case of trouble? I say we're not. Let us cut out politics altogether and be nationalists and imperialists and Scot, Irishman and Englishman, all stand on guard for the British empire! . . . We would form a labour battalion and set the young Canadians at work building fortifications on the Atlantic and Pacific coasts!"

2. Is a judge allowed to participate in a discussion of controversial political issues?

3. What action does the government intend to take in the matter?

Mr. LAPOINTE (Quebec East): May I answer this verbally. To the first question the answer is yes; to the second the answer is no, and to the third the answer is that the Department of Justice will bring the remarks attributed to Mr. Justice Tilley to his attention and ask him for an expression of his views as to the propriety of his making such remarks, having regard to the judicial position he occupies.

NATIONAL DEFENCE—COMPETITIVE BIDS FOR MACHINERY

Mr. CLARKE (Rosedale):

What means were used to obtain competitive bids in the purchase of machinery, parts and material by the Department of National Defence during the past three years?

Mr. MACKENZIE (Vancouver): For many years, the departmental practice has been to invite bids direct from prospective tenderers. To this practice, there has been introduced during the last three years, the advertising in the public press of invitations to tender on the more important requirements of the department.

ROYAL VISIT TO CANADA—COMMEMORATIVE STAMPS

Mr. REID:

1. Will the Post Office Department issue special stamps commemorating the visit of their majesties to Canada?

2. If so, what denomination of issue are being considered?

3. When is it expected that the stamps will be available to the general public?

Mr. McLARTY:

1. Yes.

2. 1-cent, 2-cents, and 3-cents.

3. At the time of the royal visit, the exact date to be announced later.

VANCOUVER, B.C., POST OFFICE—EMPLOYMENT OF RETURNED SOLDIERS DURING CHRISTMAS SEASON

Mr. GREEN:

1. How many returned soldiers were employed by the Vancouver post office for special work during the Christmas season, 1938?

2. What number of the soldiers so employed served with the Canadian forces during the great war?

3. What number served with the imperial forces?

4. How many of such returned soldiers were employed through the Vancouver honorary committee of the veterans' assistance commission?

Mr. McLARTY:

1. 337.

2 and 3. No information.

4. 201.

IMMIGRATION, 1938—RACIAL ORIGINS

Mr. REID:

1. What was the total immigration into Canada during the calendar year 1938, with regard to: (a) the countries; (b) the nationalities of all immigrants so entering during the said year?

2. Were any representations made to allow refugees from European countries to enter Canada without the said refugees having to comply with the regulations of the Immigration Act?

Mr. CRERAR:

1. Statement attached. Information not available in form desired.

2. Many applications have been received in the immigration branch for the admission of refugees unable to comply with the immigration regulations.

Immigration to Canada, by racial origin, for the calendar year 1938;

	Via Ocean Ports	From U.S.A.	Totals
Albanian	10	..	10
Arabian	3	2	5
Armenian	4	2	6
Belgian	177	22	199
Bohemian	..	10	10
British—			
English	2,257	1,906	4,163
Irish	398	732	1,130
Scotch	659	706	1,365
Welsh	75	55	130
Bulgarian	25	1	26
Croatian	283	4	287
Czech	170	2	172
Dalmatian	1	..	1
Dutch	200	136	336
East Indian	9	..	9
Esthonian	9	..	9
Finnish	67	14	81
French	139	910	1,049
German	588	514	1,102
Greek	121	9	130
Hebrew	456	292	748
Italian	367	61	428
Japanese	57	..	57
Jugo-Slav	221	4	225
Lettish	6	..	6
Lithuanian	39	8	47
Magyar	596	21	617
Maltese	1	5	6
Mexican	2	..	2
Montenegrin	8	..	8
Moravian	9	..	9
Negro	5	22	27
North American Indian	..	9	9
Polish	570	63	633
Portugese	1	2	3
Roumanian	109	4	113
Russian	151	14	165
Ruthenian	1,880	25	1,905
Scandinavian—			
Danish	45	35	80
Icelandic	..	10	10
Norwegian	28	91	119
Swedish	18	98	116
Serbian	63	8	71
Slovak	1,505	18	1,523
Spanish	7	2	9
Swiss	50	8	58
Syrian	22	8	30
Total	11,411	5,833	17,244

BAYFIELD, ONT., RADIO RECEPTION

Mr. LENNARD:

1. Have any complaints been received by the Department of Transport, and/or the Canadian Broadcasting Corporation, regarding radio reception in the village of Bayfield, Ontario?
2. If so, what steps have been taken to rectify the difficulties?

Mr. HOWE:

1. No complaints of interference have been received by the Department of Transport from the village of Bayfield, Ontario, since May, 1938.

2. Investigation showed that complaint to be due to a fault in the broadcast listener's receiver, which was repaired by owner.

AIR DEFENCE EQUIPMENT

Mr. ROSS (St. Paul's):

1. What is the number of modern fighting planes equipped with the latest fighting equipment and with a cruising speed of 250 miles per hour or more in Canada?
2. What anti-aircraft equipment of the latest type have we in Canada?
3. What anti-aircraft equipment of the latest device is on order, if any?
4. What steps are proposed to be taken, if any, to equip strategic points in Canada with anti-aircraft defences?

Mr. MACKENZIE (Vancouver): It is the considered judgment of the government that it is not in the public interest to answer the question as asked.

PRINTING OF SPEECHES OF PRIME MINISTER AND MEMBERS OF GOVERNMENT

Mr. RINFRET: Mr. Speaker, a question put by the hon. member for York East (Mr. McGregor) was incompletely answered on February 3, 1939, and appears in *Hansard* No. 17 at page 687. This additional information from the Department of Mines and Resources completes the answer to the question.

Mr. McGREGOR:

1. Did the king's printer print and/or distribute copies of speeches delivered by the Prime Minister: (a) on July 19, 1937, on his return from his majesty's coronation, entitled "Crown and Commonwealth"; (b) on July 30, 1938, at the Canadian Corps reunion in Toronto, entitled "The Struggle for Enduring Peace"?
2. If so, what was the cost of printing each of these speeches?
3. Were any copies of these speeches ordered from the king's printer by: (a) the Prime Minister; (b) the National Liberal Federation; (c) Senator Norman Lambert, or any other official of the National Liberal Federation?
4. If so, how many copies were ordered, and how much was paid to the king's printer or the receiver general for them?
5. Have any other speeches delivered by the Prime Minister or by any member of the government outside the House of Commons been printed by the king's printer?

Department of Mines and Resources:

1, 2, 3 and 4. No information.

5. Yes.

The addresses delivered by the Minister of Mines and Resources through the facilities of the Canadian Broadcasting Corporation dealt with the present and potential value and development of Canada's mineral, forest, recreational, water power, and other resources; also with the Indians of Canada.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADA'S TRADE FOR 1938

Mr. TREMBLAY:

1. What was the total trade of Canada for the year 1938?
2. What is the amount of Canada's trade with each of the countries of the world for the same year?

EMPIRE EXHIBITION AT GLASGOW—COST OF CANADA'S EXHIBIT

Mr. HAYHURST:

1. What is the total cost to Canada of our part in the empire exhibition at Glasgow in 1938?
2. How many people were employed in the Canada building at the empire exhibition: (a) in the capacity of advertising or explaining the exhibits; (b) in any other capacity?
3. What salaries were paid to these employees?

CANADIAN NATIONAL RAILWAYS—MONTREAL TERMINAL

Mr. CHURCH:

1. Has the government given its consent to the proposed completion of the new Montreal terminal of the Canadian National railway? If so, at what cost, and on whose recommendation was the work asked for and started?
2. Will any plan of the said work be tabled together with the reports relating thereto?
3. Was parliament asked to sanction said work, and, if so, when?
4. Is the work to aid relief and relief unemployment?
5. Did the government meet the corporation of the city of Montreal, or others, on the subject?
6. Does the province of Quebec contribute anything to the cost of the work, or were they asked under relief and municipal assistance legislation to sanction or aid said work?

7. What sums have already been spent on this work, and by whose authority?

8. Has the Board of Transport for Canada been asked to sanction such expenditures or report on them or their necessity as recommended by: (a) Drayton Ackworth; (b) the Duff report on railways?

9. Will the cost of said work be raised by taxation from income or capital, or will it be raised from income from sales or income tax, or will part of it be raised for relief works by the government?

10. What efforts were made at coordination or to eliminate deficits before such work was started?

11. Have any objections to such work been received, and, if so, from whom?

12. Will any reports on relief or the necessity of relief works of this kind be tabled, and will other cities receive similar aid of unemployment relief works and be heard direct by the government instead of being directed to the provinces under the municipal assistance relief legislation?

13. What reports are in existence as to the financial, economic and engineering features of the work?

14. Will preference be given to Canadian labour and Canadian industries in its construction?

15. What other purely municipal relief undertakings and works in Montreal have been undertaken by the government either alone or in conjunction with the province for the last three years of record?

16. Does the action taken, or to be undertaken, now supplement the provisions made by the honourable the Ministers of Public Works and Secretary of State during the winter of 1938 in Montreal?

PRAIRIE FARM REHABILITATION ACT—COMMUNITY PASTURES IN SASKATCHEWAN

Mr. LOCKHART:

Under the provisions of the Prairie Farm Rehabilitation Act—1. Have any community pastures been established in the vicinity of Govenlock, Saskatchewan?

2. If so, what is the total acreage?

3. If lands were acquired which were held under lease, what were: (a) the name or names of the leaseholders; (b) the dates the leases expired; (c) the dates when these leased properties were taken over?

4. Were any of the fences erected on the leased property by the leaseholders removed before the expiration date of the lease?

5. Has any compensation for the fencing removed been paid to any leaseholder?

6. If not, why?

7. Was any of the original fencing used to refence the property?

8. If not, why?

9. Was the refencing done by contract?

10. If so, what were: (a) the names of the contractors; (b) the amount of each contract; (c) the cost per mile for the refencing?

[Mr. Church.]

PRAIRIE RELIEF—PURCHASES OF FEED IN MONTANA AND OTHER STATES

Mr. PERLEY:

What amount of money, if any, was spent by the federal government for food, fodder and hay in Montana or other states of the union, for relief of stock in Manitoba, Saskatchewan and Alberta during the years 1937 and 1938?

HON J. L. RALSTON

Mr. BROOKS:

1. Has the Honourable J. L. Ralston been employed as counsel for the federal government on any commission or commissions since 1935?

2. If so, on what commission or commissions?

3. What remuneration did he receive in each case: (a) fee per day; (b) expenses and allowances; (c) total?

4. Is any amount still due him from the government?

5. If so, how much?

Mr. RINFRET: Return tabled.

INSURANCE STATISTICS

Mr. LANDERYOU:

1. What amount of insurance was in force in Canada in each of the last ten years under the following categories: (a) accident, including personal accident, employers' and property liability and accidental damage to personal property; (b) sickness; (c) falling aircraft; (d) earthquake; (e) aviation; (f) burglary; (g) explosion; (h) forgery; (i) fraud; (j) credit; (k) guarantee; (l) hail; (m) inland transportation; (n) live stock; (o) machinery; (p) personal property; (q) plate glass; (r) property; (s) sprinkler leakage; (t) steam boiler; (u) title; (v) tornado; (w) weather insurance; (x) any others?

2. What amount of this insurance for each of these categories was written by: (a) British companies; (b) foreign companies; (c) Canadian companies, for each of the last ten years?

3. What was the total amount of premiums in respect to the above insurances collected by each of these companies (British, foreign, Canadian) during each of the past ten years?

4. What was the total amount of net losses, including adjustment expenses in respect to the above insurances, sustained respectively in each of these categories by British, foreign and Canadian companies during each of the past ten years?

5. Can complete information on the above questions be obtained in any reports or publications prepared by the superintendent of insurance for the Dominion of Canada? If not, why is such information not available?

6. What was the total amount of taxes, licence fees, or other fees collected by the government of Canada or the provinces of Canada from the above companies during each of the past ten years?

Mr. LANDERYOU:

1. How many Canadian, British and foreign companies have been doing fire, life and automobile insurance in Canada under dominion licence during each of the past ten years?

2. What was the total amount of deposit by each of these companies held by the Dominion government and applicable to fire, life and automobile insurance, respectively, during the past ten years?

3. What was the total income to Canadian, British and foreign companies, respectively, from securities on deposit for each of the past ten years?

4. What was the total investment by Canadian, British and foreign companies, respectively, not including the deposit held by the government, for each of the past ten years?

5. What was the total iincome derived by each of such companies from above investments for each of the past ten years?

6. What was the total amount of fire, life and automobile insurance in force with each of these companies during each of the past ten years?

7. What amount of this insurance was in force with Canadian, British and foreign companies, respectively, who are listed as joint stock companies, reciprocal exchanges or other mutuals, during each of the said years?

8. What was the total gross premium income of each of these companies during each of the past ten years?

9. What was the total net premium income of each of these companies during each of the said years?

10. What were the total fire, life and automobile losses, including adjustment expenses, of each of these companies during each of the above years?

11. What were the total adjustment expenses of each of these companies during each of the past ten years?

12. What do such adjustment expenses consist of?

13. Do any of such companies conduct such insurance business in Canada without dominion licence?

14. What was the total amount of taxes, licence fees or other fees collected by the government of Canada, or the provinces of Canada, from each of these groups of insurance companies during the past ten years?

15. What were the actual salaries paid to the chief agents and other executives of these companies in Canada for each of the past ten years?

16. Is it possible to obtain the above information in any reports or publications prepared by the superintendent of insurance for the Dominion of Canada?

17. If not, why is such information not available?

GOVERNMENT PAYMENTS TO RAILWAY AND TELEGRAPH COMPANIES

Mr. COLDWELL:

1. What was the total amount paid by each department during the last fiscal year to: (a) the Canadian National railway; (b) the Canadian Pacific railway, for transportation, including sleeping car accommodation, parlour cars and special cars?

2. What was the total amount paid by each department during the last fiscal year to: (a) Canadian National telegraphs; (b) Canadian Pacific telegraphs?

PRAIRIE FARM REHABILITATION ACT—PURCHASES OF CRESTED WHEAT GRASS SEED

Mr. COLDWELL:

1. How many pounds of crested wheat grass seed were purchased under the Prairie Farm Rehabilitation Act for 1938 fall seeding?

2. From whom was it purchased?

3. What was the date or dates of purchase?

4. What price or prices per pound were paid for this seed?

FEDERAL DISTRICT COMMISSION—REAL ESTATE PURCHASES

Mr. HYNDMAN:

1. From whom did the federal district commission purchase lands for park purposes since its inception, and what prices were paid for same?

2. Have the federal district commission taken steps to secure the property of the Good Shepherd's convent, St. Andrew street, facing the river and adjacent to the park east of the Minto bridges?

3. What became of the lumber or building material from the buildings in Rockcliffe when the old buildings were demolished, and what price was paid for same?

4. Who secured the contract for demolishing these buildings, and when was this work completed?

5. Is the contractor still on the payroll of the government? If not, when was he relieved of his duties?

CANADIAN FARM LOAN BOARD STATISTICS

Mr. REID:

1. What were the number of applications made in each province during 1938 for loans under the Canadian farm loan board?

2. How many applications for loans were granted in each province for the year 1938, and what was the total amount of the loans granted in each province for 1938?

3. What is the total number of loans now in effect in each province, and what are the total amounts of loans outstanding in each province?

4. What amounts of money were collected in each province by the various branch offices of the Canadian farm loan board during 1938?

5. What are the numbers of employees engaged in each of the branch offices, and what remuneration is paid to each branch manager?

Mr. DUNNING: Return tabled.

UNEMPLOYMENT IN RECOGNIZED TRADES

Mr. LENNARD:

What effort was put forward by the Department of Labour to lessen unemployment in the different recognized trades during 1938?

Mr. ROGERS: Return tabled.

ADVERTISING AGENCIES EMPLOYED BY GOVERNMENT

Mr. CASSELMAN:

1. How many advertising agencies were employed by the different departments of the government during the year 1938?
2. What are the names of such advertising agencies?
3. What amounts have been paid to each?

DROUGHT RELIEF—SASKATCHEWAN

Mr. QUELCH:

1. How many municipalities in Saskatchewan are getting federal drought relief?
2. What are their names?
3. What has the average yield and grade of wheat been in each of these municipalities during each of the past five years?

DEPARTMENT OF NATIONAL DEFENCE—PURCHASES OF MACHINERY

Mr. CLARKE (Rosedale):

1. What was the value of machinery, parts and material purchased by the Department of National Defence directly from manufacturers in Canada during the years 1936, 1937, and 1938 respectively?
2. What was the value of machinery, parts and material purchased by the Department of National Defence from agents and jobbers during the same period?

Mr. MACKENZIE (Vancouver): This will be an order for return, but I point out that it will take a long time. There are thousands of orders to be investigated. I would be very grateful to the hon. member who asked the question if he would indicate what he means by the word "machinery." With this reservation I shall be glad to have the order passed.

DEPARTMENT OF NATIONAL DEFENCE—IMPORTATIONS OF MACHINERY

Mr. LENNARD:

1. What was the value of machinery, parts and material imported by the Department of National Defence from the United States during the years 1936, 1937, and 1938 respectively?
2. What was the value of machinery, parts and material imported by the Department of National Defence from other countries during the same period?

Mr. MACKENZIE (Vancouver): Order for return, with the reservation indicated in regard to the previous question about purchases of machinery.

[Mr. Dunning.]

TORONTO POST OFFICE—TEMPORARY CHRISTMAS EMPLOYEES

Mr. CLARKE (Rosedale):

1. How many temporary post office employees were engaged by the Post Office Department during the 1938 Christmas season in the city of Toronto?
2. What are the names and addresses of all such employees?
3. How many were returned soldiers?

EXTERNAL TRADE OF CANADA

Mr. VIEN:

1. What was the amount of external trade of Canada for each year from 1908 to 1938 inclusive, giving: (a) imports from each country; (b) exports to each country; (c) total trade with all countries; (d) balance of trade with each country; (e) total balance of trade with all countries?
2. What was, during the same period, at the end of each fiscal year, the amount of the gross and net national debt?
3. What was, during the same period, the total amount of revenues and expenditures, ordinary and extraordinary, giving amount of surplus or deficit?

MOTIONS FOR PAPERS

MANITOU BEACH, SASK., BROADCASTING STATION

Mr. FLEMING:

For a copy of all papers, letters, telegrams, specifications and other documents in the possession of the government with respect to the building of a broadcasting station at Manitou beach, Saskatchewan.

Mr. HOWE: I may say that the documents asked for are very voluminous indeed. The broadcasting corporation have no objection to bringing them down as soon as they can be typed, but it will be a very long process.

CANADA-UNITED STATES-GREAT BRITAIN TRADE AGREEMENT—CORRESPONDENCE

Mr. ROSS (St. Paul's):

For a copy of all correspondence, papers, letters and telegrams exchanged during the years 1937 and 1938, between the honourable the Minister of Finance or his department, or any officer thereof, and all industries or commercial companies or organizations or labour organizations, in respect to requests for hearings in connection with the trade treaties between Canada, the United States of America and Great Britain.

Mr. DUNNING: I had a word with the hon. member in respect to this matter. In its present form the question will involve searching through possibly some five or six thousand documents and copying them all. He can get the information from the department, and if he finds in attempting to do so

that he does not get just what he requires I would ask him to consider putting the resolution on the order paper again in another form which may be more easily complied with. I think the motion should be dropped.

CANADIAN NATIONAL RAILWAYS—MONTREAL TERMINAL

Mr. CHURCH.

For a copy of all correspondence, letters, telegrams, reports and other documents exchanged between the dominion government and the Canadian National railway and the city of Montreal and any other person or persons relating to the proposed $12,600,000 new Canadian National railway terminal, and also copy of list of contracts already awarded in relation thereto.

APPLE TREE COVE, LUNENBURG COUNTY, N.S.

Mr. BROOKS:

For a return showing, in detail, all moneys expended at Apple Tree cove, Lunenburg county, Nova Scotia, during the calendar years 1937 and 1938, including therein the names of foremen and workmen employed and the respective amounts paid to each, and the names of all persons from whom materials were purchased and the respective amounts paid to each.

EATONSVILLE, N.S., DAM

Mr. BROOKS:

For a copy of all payrolls in connection with the construction of dam, etc., at Eatonsville, Cumberland county, Nova Scotia, under the foremanship of Arthur McWharter.

WEST ADVOCATE, N.S., BEACH PROTECTION

Mr. BROOKS:

For a copy of all payrolls and accounts in connection with work to protect beach at West Advocate, Cumberland county, Nova Scotia, under the foremanship of Carl Knowlton, during the year 1938.

HIGHLAND NATIONAL PARK, NOVA SCOTIA

Mr. BROOKS:

For a return showing all contracts in connection with the Highland national park, Nova Scotia, giving particulars: (a) to whom awarded; (b) amount of tenders; (c) expenditures in 1937; (d) expenditures in 1938.

DOMINION LOANS, 1938

Mr. ELLIOTT (Kindersley):

For a return showing, in detail:

1. How many loans were redeemed, and how many refunded during the year 1938 in: (a) New York; (b) London.
2. Whether there was a forty million dollar refunding loan obtained in New York during November, 1938.
3. Whether this liquidated an internal or external debt.
4. Where the debt was held, and by whom.
5. Why the loan was not floated in Canada.
6. Whether it was offered in Canada.
7. What the total cost was for: (a) discount and commissions; (b) travelling expenses; (c) printing and stationery; (d) engraving; (e) fee for listing issue on the New York stock exchange; (f) postage and insurance; (g) exchange fees; (h) service of armoured car; (i) service of signagraph; (j) printing of listing application; (k) express and sundries; (l) interest yield; (m) gross percentage cost.
8. What the gross amount paid by us will be when the loan reaches maturity in thirty years.
9. What the net credit available was at the time of refunding for application on the issue liquidated.

ALBERTA DROUGHT AREAS—RELIEF

Mr. QUELCH:

For a copy of all correspondence, letters and telegrams exchanged during the months of September, October, November and December, 1938, and January, 1939, between the honourable the Minister of Agriculture, or his deputy, and the Minister of Health, of Alberta, in respect to the responsibility for relief in the drought areas of Alberta.

MILITARY DISTRICT NO. 10—SUPPLY OF BEEF, 1930-38

Mr. STEVENS:

For a statement showing the names of the firms requested to tender for the supply of beef to military district No. 10 during the years 1930 to 1938 inclusive and a statement showing what firm or firms received the contract and how much was the total amount paid in each year to the successful bidder or bidders.

CHILLED BEEF SHIPMENTS TO GREAT BRITAIN

Mr. STEVENS:

For a copy of the order in council and regulations of the agriculture department dealing with the experimental shipments of chilled beef to Great Britain; also a statement showing a list of meat packers making shipments and a copy of the contract or agreement between the government of Canada and such packers. Also a statement showing the quantity of chilled beef shipped, the date of shipment, the port of shipment, the price paid for the beef to the shipper and the price realized and the proportion paid by the government, if any, on each shipment.

WASHABUCK CENTRE, N.S., WHARF

Mr. STEVENS:

For a return showing the total amount expended on repairs to the government wharf at Washabuck Centre, Victoria county, North Cape Breton, Nova Scotia, during the year 1938 and up to the 1st of February, 1939, and more particularly showing the amount paid for labour remuneration of the foreman in charge and the cost of the materials used.

A CANADIAN FLAG

PROPOSAL FOR ADOPTION OF A FLAG SYMBOLIC OF CANADA AND HER PARTNERSHIP IN THE BRITISH EMPIRE

Mr. CAMERON R. McINTOSH (North Battleford) moved:

That, in the opinion of this house, a special select committee be appointed for the purpose of considering the advisability of adopting a distinctive Canadian flag, representing Canada as a whole, thereby symbolizing the dominion as an equality partner in the commonwealth of British nations.

He said: Mr. Speaker, this is a resolution advocating or sponsoring a distinctive flag for Canada, our dominion of "The North," our homeland, the senior equality partner in the British commonwealth of nations. The resolution speaks for itself and should appeal to every red-blooded Canadian and Britisher sitting in this national forum. Structurally the resolution is but a single sentence, so simple, so plain, so concrete and so positive that he who runs may read and understand.

This resolution may be looked at from two angles of reality: first, the thought or subject matter of the resolution; second, the external form which that thought should take. In other words the resolution has two sides, the one the thought or subjective side and the other the language or objective side. That has been the case all through the centuries with regard to any branch of art. Throughout the years, the great problem with regard to art has been to muster into the realm of time and space some great thought and then to objectify or clothe that thought in some simple, beautiful and enduring form. That is the problem before this house, in a heraldic way, in regard to a distinctive national flag. First, we must satisfy ourselves with regard to the subject matter or thought of the resolution and the principle behind it; then we must objectify that thought in such a way that we will evolve a distinctive flag that will be an honour to Canada at home, on the continent and beyond the seven seas.

It will be noticed, Mr. Speaker, that the resolution is in the singular number. That means that it deals only with a flag ashore, a flag on land that will symbolize Canada from ocean to ocean, from the great lakes and the St. Lawrence to the Arctic seas. The flag will have to symbolize the oneness of Canada, the integrity of this country in a territorial way, rather than any particular part or portion of it. It should not be a flag symbolic of the maritimes, the central provinces, western Canada or British Columbia but rather a flag that will express the sovereignty of the Canadian people.

In that connection may I also direct attention to the fact that the resolution does not deal with design. That matter was debated and discussed in this house last year and I would think it was practically settled that the question of design should be taken up in committee where time could be devoted to it and, as I believe, the problem could be quite readily solved.

It will be seen that the resolution points in clear and definite directions. First, the opinion of the house should be obtained on this important question. Second, this opinion should be obtained by a special select committee. Third, that committee should consider the advisability of adopting a distinctive flag. Fourth, that flag when evolved should represent all Canada; and fifth, that flag should also symbolize the equality partnership between Canada and the motherland.

Last year in the debate one hon. member who took part put forth the argument that the last two parts of the resolution were surplus material. I would say the last two parts of the resolution are not surplusage, and that they point in definite directions, first, as I have indicated, that the flag should symbolize all Canada, not only a part of it, and, second, that it should symbolize the equality of partnership between Canada and the motherland.

That, to my mind, Mr. Speaker, is important, because it clarifies the resolution and deals also with the thought that the two most important things to be symbolized are, first, the sovereignty of Canada as a nation and second, the fact that that sovereignty rests within the ambit of the British empire.

We have those who, taking their stand on the resolution, really and sincerely accept it. They accept it as the basis of any discussion dealing with a distinctive national flag. In my humble opinion, then, they who unreservedly endorse the resolution take the pathway leading to national hope, national faith, national cooperation, national unity, complete self-government, national vision, national equality, national cordiality and national light. But we have a group who say, "We are not going to accept that resolution. We are not going to take that pathway to nationhood. We are not going to take that pathway to the sovereignty of the Canadian people. We are not going to have our nationhood symbolized at home, on this continent or before the world." Therefore, for

those who take that stand we would have to have the resolution rewritten. We would have to have it paraphrased in a negative sense. Then the resolution would read:

> That, in the opinion of this house, a special select committee be not set up to consider the advisability of adopting a distinctive Canadian flag, representing Canada as a whole, thereby symbolizing the dominion as an equality partner in the commonwealth of British nations.

In other words, Mr. Speaker, these oppositionists do not take the pathway to national hope, the pathway which leads to national faith, national cooperation or national unity—not to self-government or to national sovereignty, but a pathway along which Canadian destiny must assume a position of national inferiority, national suppression, national subordination of imperial ascendancy, that is a pathway of fear, despair, defeatism and darkness—yes, darkness. That is the position exactly.

But we have another group who say, "Well, we are not quite ready for a national flag yet. We are not opposed to it, in reality, but we belong to a group who say 'Now is not the proper time to deal with this question. Leave it off to a more propitious season.'" The viewpoint of that group would have to be epitomized before parliament and the country by adding another paragraph to the resolution before the house, reading something like this:

> And be it further resolved that in the opinion of this house the present is not the opportune time to consider the advisability of a distinctive Canadian flag, but that the matter should be left to a more favourable season, considering the serious conditions nationally and internationally prevailing.

There we have the three groups. But I have no hesitation in saying that the last group belongs to the second group, is within that category, and that, therefore, in reality we have only two groups with regard to this national question,—No. 1, those who are for it, and No. 2, those who are opposed to it. The words of the great poet Lowell come to my mind when I consider those two viewpoints:

> Once to every man and nation comes the moment to decide,
> In the strife of Truth with Falsehood, for the good or evil side;
> Some great cause, the new Messiah, offering each the bloom or blight,
> Parts the goats upon the left hand, and the sheep upon the right,
> And the choice goes on forever 'twixt that darkness and that light.

May I ask then, Mr. Speaker, on which pathway of nationhood do hon. members take their stand? Are they going to take the stand along the pathway that leads straight to national sovereignty, to a full and free national life, or are they going to follow the opposite pathway, namely the road to national defeatism, sixteenth century colonialism and national darkness? That is the position in a nutshell.

Now, may I proceed from that point. It might be asked: For what does a distinctive flag for Canada stand? Well, the answer would be along the following lines: A distinctive flag for Canada would stand for individual freedom, national freedom, empire fellowship, consolidation of empire bonds, national unity, the rallying force in the defence of the nation in times of emergency, the common sentiment of the Canadian people, our past history, our past resolutions, our past achievements, the ideals that have made us national in the past, and ideals which will lead us to overcoming all that is ignoble, untrue, and all which is of a defeatist nature in the days to come. It would also exemplify the coronation oath which in 1937 was taken by his majesty, as king of Canada. That coronation oath was in harmony with the laws and customs of Canada. It is as follows:

> Will you solemnly promise and swear to govern the peoples of Great Britain, Ireland, Canada, Australia, New Zealand and the Union of South Africa, of your possessions and the other territories to any of them belonging or pertaining, and of your empire of India, according to their respective laws and customs?

The answer was, yes.

Our national flag would stand for that epoch making event in the history of Canada and the empire. Further it would stand for equality of Canada with the motherland, and the upbuilding of the commonwealth of nations. Next it would stand for the statute of Westminster of 1931 by which Canada was designated not as a colony but as a sovereign nation within the ambit of the British empire. It would stand also for our devotion to Canada, our national advancement, our national pride, honour and glory.

Further, it would stand for the vicissitudes and upheavals from which we as a people have emerged prior to and subsequent to confederation in 1867. It would stand for the stirring history of centuries when early Canada was under the influence and sovereignty of imperial France, and when in navigation, exploration, discovery and colonization the foundation work of the Canada-to-be was grappled with in a spirit of unparalleled courage and devotion.

It would stand for the institutions of representative and responsible government, as factors in the democratic development of the country internally, imperially and internationally. It would stand for the Canadian people, their aspirations and visions of continental

and world greatness. It would stand for the crown and the laws that bind us by golden chains in allegiance to the throne of Britain. It would stand for that spirit of sacrifice and service which in the late great war brought so many of our men to national consciousness and manhood, and caused so many of them to express a sincere desire for a nationally distinctive emblem.

Lastly, it will stand for the further sacrifices comparable with anything in the way of sacrifice in the history of pioneers; sacrifices of the intrepid missionaries and martyrs of Canadian history, the mutual sacrifice, courage, cooperation, service, forbearance, devotion and Canadian and British comradeship which must characterize us as a people if we are to aspire to and attain the great objectives placed within our reach by a thoughtful and beneficent providence.

Those are some of the things for which a national flag would stand. And I am sure that when we look at any one of them we will see an argument which should lead the Canadian people resolutely to take up this question and have it solved in the interests of one and all. May I go on from that point to the story concerning the movement for a distinctive flag, from the time of confederation to the present time? In 1867 we launched a young dominion upon the tempestuous seas of national life. In 1870, three years after confederation, the Macdonald government authorized a government service flag for government ships. The authorization was given on July 16, 1870. That flag consisted of a blue ensign, with the old coat of arms of Canada on the fly. In 1871 the people longed for a flag ashore. And what did they do? They had to do the best they could. They took the red ensign and flew that flag on shore. And so, back as far as 1870 and 1871, the Canadian people figured they had a distinctive flag of their own, although they have not one to-day.

On April 14, 1886, the blue ensign with the old coat of arms of Canada on the fly was authorized for government ships in territorial waters doing police duty. On February 2, 1892 the red ensign was authorized as the mercantile flag of Canada. In 1904 the merchant marine flag was flying on the old parliament buildings and across Canada from ocean to ocean. Canadian people looked upon it as their distinctive flag. But what happened in 1904? A minister of the crown, the minister of public works of that day, was taken into camp by a civil servant and the red ensign was insolently hauled down and the union jack put up. Why? Because at that time there was a movement of subordination and imperialism in this country from ocean to ocean. The effort was to keep Canada a colony, to keep her forever from being a sovereign nation. That idea still prevails. So down came what we considered as our national flag, and up went the flag of our motherland—not of Canada.

It was not the flag of empire, because the union jack is not the flag of empire. The union jack is the flag of the motherland and the colonies, that is all. But to-day it is the so-called official flag of Canada. It is not distinctive and it can never be a distinctive Canadian flag. Consequently action on this flag problem must be taken by parliament in order that it may be solved in the interests of the people. In 1911, after the union jack had been flying for seven years, it was made the official flag for Canada by authority of the secretary of state in London, and it has been the official flag of Canada ever since. In 1922 the old coat of arms was changed to the new coat of arms. The change took effect March 31, 1924. On our red ensign, our merchant marine flag, the new coat of arms took the place of the old. On January 26, 1924, the red ensign was authorized to be flown on the legation buildings of Canada. That is, it was to be flown on government owned and government occupied buildings beyond the shores of the dominion. That is the situation to-day.

The anomaly to which I drew attention last year when I was debating this question still exists. We have one official flag in Canada, the union jack, which is not a distinctive flag and which can never be a distinctive Canadian flag because it belongs to the motherland and to no other nation, and then we have another official flag flying outside of Canada. Why? Because the union jack cannot be flown outside of Canada; it is not distinctive enough. Therefore, the red ensign with the new coat of arms on the fly is flown on government buildings beyond the shores of the dominion, at Tokyo, Paris, London and Washington.

May I go on to show what took place in parliament? Parliament face to face with this situation had to do something. I felt that I, as an hon. member of this house face to face with this historical situation, should do something. In 1929, therefore, I placed a resolution on the order paper. That was not taken up and was found in the file of unfinished business at the end of the session. In 1930 another similar resolution was not reached, but was again found in the file of unfinished business at the end of the session. The question was debated in 1931, at which time I placed before the house the Canadian and British sides of our flag problem. This is all on record. In

1932 no action was taken. In 1933 the resolution was not pressed. In 1934 and 1935 the Conservative party took up the question in the house. However, there was no unity among the Conservative party on this question and the result was that in 1934 an adjournment of the debate took place and nothing further was done. In 1935 there was still consternation and confusion in the Conservative party with regard to the question. The result was that an amendment was moved. After a brief debate the amendment and the main motion were both withdrawn and the question was left undetermined. That is the story of the Conservative party with respect to a distinctive Canadian flag.

Last year I placed a resolution on the order paper. We had a debate thereon, but the resolution is before us again this year at the masthead of all other resolutions on the order paper. That is the place where it ought to be. I should like to see a distinctive flag flying at the masthead all over this country from one ocean to the other. That flag should symbolize the unity of this country at home and abroad.

That is the national and parliamentary story in connection with our flag problem. Let me go on now to tell what the weekly and daily press of Canada think about this important problem. Last year I placed on *Hansard* editorial opinions from ocean to ocean on this important question. I should like to supplement those opinions on this occasion. In the London *Free Press* of February 16, 1938, the following appeared:

> How by any stretch of the imagination such a flag could be interpreted as disloyalty or a movement towards separation is beyond our understanding.

It is beyond the understanding, too, of the average Canadian citizen. Then in the London *Free Press* of February 19, 1938, there appeared an editorial opposing the Hon. Howard Ferguson for the stand he had taken on this question. It reads:

> It may be that this is not the time to make such a change and that it might be interpreted in Europe among the enemies of the empire as a move towards separation, as Mr. Ferguson suggested. But we doubt whether either Hitler or Mussolini are bothering much about the character of a Canadian flag.

And a little farther on:

> We believe that Canada should fall in line with Australia, New Zealand and South Africa and have a flag that is distinctive, yet retaining the union jack. Much as we like Mr. Ferguson, we confess his argument did not impress us.

Then another editorial in the Winnipeg *Free Press* of February 17, 1938, reads in part:

> Parliament has been excessively cautious and deliberate about the matter. The special committee will also give it thorough consideration, no doubt. It should be a very excellent flag.
>
> Fortunately, there is little of the old opposition left. And there is less indifference and more positive desire and recognition of the expediency, on all national grounds, of Canadians having an emblem of their own.
>
> May the committee soon be appointed and its work crowned with success!

And in the Ottawa *Citizen* of February 18, 1938:

> The McIntosh motion asks no more than the appointment of a committee to report on the advisability of a Canadian flag. Its duties will not embrace consideration of a design, which is a sensible limitation. But once the committee reports in favour—as it is almost certain to do, when at last it is named—the path will be open for the ending of an absurdity and the adoption of a flag which can be clearly distinguished among the flags of other nations.

The flag question is discussed again by H. B. Charlton, writing in the London *Free Press* of February 15, 1938. He said:

> The change in the constitutional position of Canada from a crown colony to a sovereign, independent nation, has been an orderly one, brought about by evolution, and not by revolution. The coronation of his majesty as King of Canada has emphasized the fact that Canada is the only nation in the world which does not possess or fly a distinctive national flag.
>
> The need of a Canadian flag is evident to all thinking Canadians. A country without a flag is like a man without a name.

The Kingston *Whig-Standard* of February 15, 1938, contained the following:

> It is absurd to argue, as its opponents do, that a national flag would mean a weakening of the ties of empire. If that were so, then the other dominions would have to be charged with a species of disloyalty. We need a national flag to serve as an emblem of our country, and we should have it for the sake of national respect at home as well as abroad. The union jack would then remain for us as the emblem of empire. There is no real and valid argument against it. The only question upon which there should be any reasonable ground for difference is as to its design.

In the Huntsville *Forester* an editorial appeared headed "Mr. McIntosh's fight for Canadian flag," and reading:

> A distinctive Canadian flag will make firmer the basis of our patriotism to both Canada and the mother country. It will ultimately emerge through the welter of irrelevant and misapplied reasoning, which have for too long a time delayed its achievement, and when finally an accomplished reality, Canada will owe much to the steady and intelligent persistence of Mr. McIntosh.

An hon. MEMBER: Hear, hear.

Mr. McINTOSH: Yes, a little lauding now and then is relished by the best of men.

Mr. MacNICOL: Give some to those who oppose it.

Mr. McINTOSH: Here we have another statement entitled "Re Canada's Flag." Mr. Wendell Clarke, of Ottawa, had been sent as a trade commissioner to Milan, Italy, and on his return to Canada he was presented with an Italian silken flag by the Ottawa Rotary Club. On that occasion Mr. Ainslie Greene —now Mr. Justice Greene—spoke as follows:

I would move that we return the compliment and send to our fellow-Rotarians in Milan a beautiful Canadian flag if we had such a flag —but we haven't! We could send them a union jack, but what sense would there be in that? They already have a union jack—sent to them by the London club. Is it not time that a movement was started for the selection of a Canadian flag?

The Brockville *Recorder and Times,* of February 17, 1938, makes this statement:

One of the strangest things about the opposition to a distinctive Canadian flag for use on land is that an equally distinctive Canadian flag for use on water has been officially in use for years without the slightest objection being made to it. If it is an act savouring of disloyalty for Canada to have a land flag, it must also be an act savouring of disloyalty for Canada to have a marine flag. But no person has ever made such a suggestion or proposed abolition of the marine emblem established to distinguish Canadian vessels from the vessels of other parts of the empire.

And a little further on:

Those countries—

That is, New Zealand, South Africa and Australia.

Those countries found no difficulty in selecting their flags.

Nor should there be greater difficulty in Canada, a part of the British Empire just as loyal as the sister dominions and just as devoted as they are to British connection, especially when it is generally agreed that the Union Jack should be a basic part of the new design.

The Saskatoon *Star-Phoenix,* in an editorial of February 16, 1938, says:

Inasmuch as coronation ceremonies showed clearly enough that the people of the United Kingdom would prefer that Canada have its own flag, it is difficult to see where anything in the way of cleavage would be indicated. It may be too, that to think, as these opponents evidently thought, adopting a flag would give encouragement to possible foreign enemy nations is a form of self flattery, an assumption that certain great nations are keeping a mighty close eye on Canada lest this young giant of the west rise up and fight wars that Britain shrinks from. That is decidedly silly.

Mr. Hugh Savage, long an advocate of a distinctive Canadian flag, speaking at Duncan, British Columbia, in January, 1928, said:

The establishment of a distinctive flag for Canada—

Mr. HEAPS: Mr. Speaker, on a point of order, I would ask if it is in order for an hon. member to read from editorials in this house.

[Mr. MacNicol.]

Mr. SPEAKER: I did not understand that the hon. member was reading from editorials, but rather referring to articles that have appeared in the newspapers.

Mr. MACKENZIE (Vancouver): On the point of order, Mr. Speaker, I think it is well for hon. members to realize that objection can be taken to reading from editorials only when they refer to a debate at present before the house. My hon. friend, I think, is reading from editorials of previous years.

Mr. McINTOSH: To proceed with the quotation, Mr. Savage spoke as follows:

The establishment of a distinctive flag for Canada was in line with the Kinsmen's aim "to foster and stimulate a spirit of true Canadian nationalism and patriotism as a nation within the British Empire and to establish unity of thought and purpose in the dominion."

Further on he says:

Lord Byng had said, "The one big thing for Canada is unity." In no better way could one work to this end than by urging the adoption of a flag for Canada, not to supplant but to supplement the Union Jack.

The Ottawa *Journal* of February, 1938, says this:

The question of whether we should retain the Union Jack as our national flag or have one distinctively our own has nothing to do with our British allegiance, or with our loyalty to the empire. Actually it is a practical matter, concerned chiefly with what is most convenient and sensible.

To discuss the matter on grounds of high patriotism or on grounds of a lack of it, with flamboyant talk about the "Union Jack being good enough for us," is just childish. The question of the Union Jack being good enough for us or not good enough for us doesn't enter into the matter at all.

The Ottawa *Citizen* of February 8, 1938, says:

The McIntosh motion asks no more than the appointment of a committee to report on the advisability of a Canadian flag. Its duties will not embrace consideration of a design, which is a sensible limitation. But once the committee reports in favour—as it is almost certain to do, when at last it is named—the path will be open for the ending of an absurdity and the adoption of a flag which can be clearly distinguished among the flags of other nations.

Then Eileen La Berge, writing to the *Citizen* on February 18, 1938, said:

In times like these, with democracy threatened from every side, it is very necessary to have our idealism clearly symbolized.

In these critical times clear-cut loyalties are essential, so let us hope that Mr. McIntosh, after ten years' great effort for a distinctive Canadian flag, will get the support he needs to help place our emblem proudly among the flags of the empire.

Here is another statement from the province of Quebec, from the Montreal *Witness,*

which hits the point very well. The article says:

What is Canada's flag? We see this matter is again being discussed. It is high time. The neglect or shyness of this truly national matter by successive governments and parliaments shows how difficult it is amid the vicissitudes of ceaseless and absorbing party strife to get attention to a matter of real spiritual significance—we are not overstating the matter. It is high time, too, in view of the ignorant confusion and contempt for authority that prevail on this matter.

And further on, in the same article:

With what voice do Canadians shout: "The Maple Leaf Forever!" Thus to men in spite of themselves the most meaningless emblems go powerfully to the making of peoples, and he is no statesman who neglects them.

Here is a quotation from a flag day address by the late President Wilson, as reported in the *National Geographic* in 1917—I will read it although my time is limited:

This flag, which we honour and under which we serve, is the emblem of our unity, our power, our thought and purpose as a nation. It has no other character than that which we give it from generation to generation. The choices are ours. It floats in majestic silence above the hosts that execute those choices, whether in peace or in war. And yet, though silent, it speaks to us—speaks to us of the past, of the men and women who went before us and of the records they wrote upon it.

We celebrate the day of its birth; and from its birth until now it has witnessed a great history, has floated on high the symbol of great events, of a great plan of life worked out by a great people. We are about to carry it into battle, to lift it where it will draw the fire of our enemies. We are about to bid thousands, hundreds of thousands, it may be millions, of our men—the young, the strong, the capable men of the nation—to go forth and die beneath it on fields of blood far away. . . .

Woe be to the man, or group of men, that seeks to stand in our way in this day of high resolution, when every principle we hold dearest is to be vindicated and made secure for the salvation of the nations. We are ready to plead at the bar of history, and our flag shall wear a new lustre. Once more we shall make good with our lives and fortunes the great faith to which we were born, and a new glory shall shine in the face of our people.

The Paisley *Advocate* of November 4, 1937, his this to say:

So far as we can fathom, a flock of honorary colonels and superloyal imperialists, menially minded, have denounced the suggestion that Canada should have a flag. No real Canadian who loves his or her country and takes pride in being a member of the British commonwealth of dominions, should oppose the adoption of a purely Canadian flag.

My time is about up, Mr. Speaker, and I should like to say just a few closing words in connection with my appeal for a distinctive Canadian flag.

May I ask, sir, that the debate be carried on, on a high plane as was done last year? The manner in which the debate was conducted on that occasion was an honour to the members of this chamber. The tone was moderate, cool, calculated, and very many splendid thoughts were mustered into action on that occasion. May I anticipate a similar debate on this resolution.

The resolution before the house in my opinion, Mr. Speaker, ought to be sent to a special committee, and the quicker that is done the better. The anomaly which exists in this country with respect to a Canadian flag cannot exist very much longer. South Africa, Australia and New Zealand have all faced this question, and why cannot Canada forthwith face it like every other self-governing dominion? If we do, I am satisfied that the committee will report in favour of the resolution, and after it reports to this house I believe there will be no difficulty in having a committee set up that will evolve a national symbol that will symbolize our sovereignty as a people, the great past and the great future of our dominion, and the aspirations and ideals that will guide us in the years to come. Then, and only then, shall we be able to say, in the words of two verses of my own that I am going to quote, that we have lived up to the high ideals of Canada, past, present and future. The first verse of this poem tells about Canada's vast territory, a territory of world-wide fame, and the products of which have made us the fourth trading nation of the world:

My country has her acres vast,
Her wheat, and oil, and gold,
Her mountains rising to the stars,
Resources rich untold;
Her rivers, lakes and gurgling streams
From out "The North" they flow,
But, no distinctive flag has she,
Her nationhood to show.

And then the last verse:

And Canada, her faith has kept
In Empire, hearth and sky;
Her children too have scaled the heights
And writ her name on high;
So raise our own Dominion flag;
It hoist from shore to shore
To float at home and seas beyond
Till Time shall be no more.

Mr. J. R. MacNICOL (Davenport): In commencing his speech the hon. member for North Battleford (Mr. McIntosh) said something to this effect, that the resolution would appeal to every red-blooded Canadian and every red-blooded Britisher. I have risen to oppose the resolution, and I want to tell the hon. member that I am a Canadian of the fourth generation, I am red-blooded, and I am a Britisher by conviction.

Mr. McINTOSH: You will survive all right.

Mr. MacNICOL: If all the hon. gentleman has said is true, and if he has as I believe to be the case, the support of the government members in his argument, why does not the government, if it is not satisfied with the flag that is flying over Canada now take courage and introduce a resolution proposing a certain flag to be flown in this country? Why is it left to a private member to bring up a question of such vital importance? The government is used to shirking its responsibility and in this instance it is running true to form.

The hon. member said that the red ensign which formerly flew over these buildings for a short time was hauled down in obedience to some civil servant's orders. It was hauled down for the reason that it was not a land flag but a water flag. It should never have been flown over these buildings and was rightly hauled down. He also said that the union jack was not the flag of empire but the flag of Great Britain. Later on he read one or two editorials stating that the union jack was the flag of empire.

Now let me address myself to the resolution itself. I am going to give the opinion of the man on the street as I come in contact with him, and I met a number of them at home on Saturday last. What is he thinking about to-day? He is thinking about a job, an opportunity to earn a livelihood. There are over 400,000 Canadian workmen who are now unemployed, only too anxious to get work, if it can be obtained; yet in the face of their necessity, here we are discussing this matter for the next three hours, because the debate will not be concluded at six o'clock—

An hon. MEMBER: Private members' resolution.

Mr. MacNICOL: It will be discussed until six o'clock.

Mr. BRADETTE: Is the hon. member against private members' resolutions?

Mr. MacNICOL: The hon. gentleman can speak after I have finished my remarks.

Mr. BRADETTE: And I will answer the hon. member all right.

Mr. MacNICOL: There are 400,000 unemployed who are looking to this house for an opportunity to work, and yet we are compelled to waste three hours this afternoon in discussing a resolution that could come up under more favourable circumstances.

Mr. LAPOINTE (Quebec East): Let us vote now.

[Mr. McIntosh.]

Mr. MacNICOL: I should have thought that this year, at least, in view of what is to take place this summer the hon. member would have refrained from introducing this resolution. I had hoped that when we are looking forward to a visit from the sovereigns of this dominion, such a resolution would not appear on the order paper.

The hon. member has been speaking lately in different parts of the country and recently appeared in the border city of Windsor where I believe he was howled down—

Mr. McINTOSH: No.

Mr. MacNICOL: —in his advocacy of a distinctive flag for Canada. He was howled down perhaps by the unemployed, because Windsor is full of unemployed.

Mr. McINTOSH: I rise to a point of order—

Mr. MARTIN: There are not as many unemployed now as there were when the hon. member for Davenport (Mr. MacNicol) was in power.

Mr. McINTOSH: Mr. Speaker—

Mr. MacNICOL: I wish to quote—

Mr. SPEAKER: The hon. member for North Battleford (Mr. McIntosh) wishes to state a point of order.

Mr. McINTOSH: The statement of the hon. member about my being howled down in Windsor, is an absolute falsehood, wherever he got it.

Mr. MacNICOL: Well, the hon. member has been reading a great deal of stuff a year old. I am going to read something which is fresh.

Mr. McINTOSH: Read the truth.

Mr. MacNICOL: This appears in the Toronto *Telegram* of January 31.

Some hon. MEMBERS: Oh, oh.

Mr. MacNICOL: Hon. gentlemen can laugh when I get through reading it. It is a dispatch dated Windsor, January 31. It reads:

> Cameron R. McIntosh, Liberal member of the House of Commons for North Battleford, Sask., found opposition last night to his statement the union jack cannot serve as a distinctive national flag for Canada.
>
> Speaking to a Windsor service club, he ran into opposition at the conclusion of his speech.
>
> "This is no time to be bothered with such a trifling matter," said Lieut.-Col. A. S. Pearson. Lieut.-Col. Pearson said the time was inopportune as "foreign observers, not understanding, might interpret such action to indicate Canada would not stand with the empire in event of war."

Mr. McINTOSH: On a point of order. If the hon. member is through with that statement, I think it is necessary for him to accept

my denial. There was some opposition in the meeting, but as to my being howled down, that is absolutely false whether the statement is made in the *Telegram,* or the *Globe* or any other paper.

Mr. MacNICOL: If the hon. member was not howled down he might have been. This motion has been introduced in the House of Commons for the eighth time; the sixth, I believe, by the hon. member who has brought it in to-day, and twice by the former member for Nanaimo, Mr. Dickie. I think it would be well to read the resolution we have before us to-day, and put beside it the resolution that was introduced by Mr. Dickie. The present resolution reads:

That, in the opinion of this house, a special select committee be appointed for the purpose of considering the advisability of adopting a distinctive Canadian flag, representing Canada as a whole, thereby symbolizing the dominion as an equality partner in the commonwealth of British nations.

When Mr. Dickie introduced his resolution I opposed it for different reasons from those that compel me to oppose the resolution now before us. Mr. Dickie's resolution read:

That in the opinion of this house a national flag representing the Dominion of Canada should be adopted, and that in any design for a Canadian flag the union jack must be conspicuous.

The resolution of the former hon. member for Nanaimo was at least positive; it stated what should be on the flag, but the resolution of the hon. member for North Battleford states little except that the flag should be representative of Canada as a whole. Perhaps a potato might do for Prince Edward Island, a fish for New Brunswick, a lobster or a tree for Nova Scotia, for Quebec a fleur-de-lis, and for Ontario something representative of a gold mine—

An hon. MEMBER: What about Toronto?

Mr. MacNICOL: For Manitoba a buffalo, for Saskatchewan a sheaf of wheat, for Alberta an oil well, and for British Columbia—

An hon. MEMBER: A Bren gun.

Mr. MacNICOL: Yes, some hon. member says a Bren gun, but maybe a fir tree. The former hon. member for Nanaimo was positive; he did ask for something pertaining to the union jack, or at least that the union jack should be conspicuous in the flag.

I will now state one of the main reasons why I am opposed to this resolution; it is because the government—and by the government I mean the Prime Minister, I at least give him credit that he does run his government—took this attitude. During the last debate on this matter, on February 14, 1938, he stated, as reported on page 438 of *Hansard*:

I would conclude this part of what I have to say with the observation that the continued use of the union jack gives a false impression abroad, and particularly in the country immediately adjoining. The use of the union jack on anything that is distinctively Canadian in the United States does not help to emphasize the individuality of this country or its distinct nationality; it helps to submerge them altogether.

Therefore, if I interpret the words of the Prime Minister correctly, he does not want on any flag of this country any representation of the union jack—

Some hon. MEMBERS: Oh, oh.

Mr. MacNICOL: —because it might offend the people in the republic to the south.

Mr. LAPOINTE (Quebec East): He never said that.

Mr. MacNICOL: That is the same sentiment which has been agitated outside this house by a strong and vigorous group of good citizens; I have no complaint to make about their integrity or sincerity any more than I have in regard to the hon. member who proposes this resolution. I believe the hon. member was sincere in everything he said and I respect his views. Mine are opposite, but I do not want to be censured because my views are opposed to his.

The Native Sons of Canada—and I am a native son of the fourth generation, and proud of it—sent out a catechism consisting of many clauses, No. 22 of which reads:

As Canada now has no national flag, should it, when adopted contain the union jack as a part of its design? No.

And the president or secretary of that organization, speaking in Winnipeg, later on said this in reference to the union jack being part of any Canadian flag:

It (the union jack) cannot form any part of our design.

That is one reason why I am opposed to this resolution. I do not know what a committee of this house might bring back to the house; I know what a committee in South Africa brought back. Read the debates that took place before that committee. There was a very bitter debate and stirring up of strife all over South Africa. And what did it result in? It resulted in two official flags, not one as the hon. member would have us believe; or if he did not say so, those who advocate a separate flag for Canada delight in saying that the great dominion of South

Africa has its national flag. In South Africa two national flags fly side by side, the union jack on one flag pole and on the other flag the union jack forms about one-eightieth part.

The Prime Minister's statement, if I understood it correctly, is exactly in line with what the Native Sons of Canada advocate. To that I am unalterably opposed. I am ready to listen to reason in connection with a flag design, but I am wholly opposed to any flag flying over this country that has not the union jack as a large part of it. The Prime Minister dominates the government and every member of it; when he snaps the whip, every one of his 180 followers step up and vote as they are told, and so it would be in connection with this flag resolution if it came to a vote. If he is in earnest let him bring in a flag; it will not have on it any part of the union jack, if he meant what he said last year. That is one of the reasons I am opposed to this resolution and opposed to its going to a committee; I want the government to take the responsibility. If they bring in such a flag, then we shall have a real debate that will last not only for an afternoon but as long as we can stand on this floor to oppose it.

Mr. BRADETTE: What about the unemployed?

Mr. MacNICOL: I shall have a good deal to say about the unemployed. I have been associated with business and employment a great deal longer than the hon. member. It gives me a pain in the foot to hear men who have little knowledge concerning employment talking about unemployment. Leave that to men who know something about it. I was associated with the employment of a great number of men for many years.

What would go before a committee? I have had a sample flag sent to me for every line of pickles made by Heinz; fifty-seven of them. I am going to deal with several of them. Some have a good deal of merit; some I am not so strongly opposed to—I recognize ability. Others I am opposed to.

Mr. McINTOSH: Australia had thirty thousand designs to choose from. Sixty-five is not many.

Mr. MacNICOL: We shall have to get another line of pickles if we are to have sixty-five.

The first of these is the union jack defaced with a maple leaf in a white shield. The second has three bars with a maple leaf in the centre and a union jack in the upper main canton. The third is the red ensign with a white diamond on the field and a green leaf over the diamond. The fourth is again the red ensign, with a white circle on which there is a green leaf. Another has the fleur-de-lis round the outside—I am particularly fond of the fleur-de-lis myself and have no objection to it—and in the centre a union jack and a circle of maple leaves round the centre with a beaver in the centre of that. So we have a great many fine varieties sent to us. Another is a union jack defaced with the fleur-de-lis in the centre on a white or red spot. Another is a union jack defaced with a maple leaf in the centre, and another has the Canadian shield in the centre. Then there is one very beautiful design by a gentleman in Quebec on which the maple leaf is predominant together with the fleur-de-lis and some triangles of red and blue. Another design has "Canada" on the maple leaf on the field, and another, "Canada" on the union jack. In short, there is a host of designs. What would come back from a committee of the house it is not for me to say; it would depend altogether on the composition of the committee; but I know what came back from the committee in South Africa, which caused so much bitterness in that country. That is another reason why I am opposed to this resolution, I want to avoid anything which would bring in this country the bitterness that developed in South Africa.

Something was said about the merchant marine flag. The design of merchant marine flags throughout the empire is identical, apart from what is placed on the fly or field of the flag. All the merchant and government marine flags of the empire conform in design to the merchant and government marine flags of the homeland, which are the red and blue ensigns with nothing on the field. When you go to India, you have the red ensign with the star of India on the field. When you pass to New Zealand, again you have the red ensign with the New Zealand conception of the southern cross on the field. When you go to Australia, again you have the red ensign with the Australian conception of the southern cross on the field, and when you go to South Africa, the red ensign has the shield of that country on the field. So there is uniformity throughout the empire as far as the merchant marine flags are concerned, and there is the same uniformity with regard to government marine flags, which are those with the blue field. On land, however, there is not uniformity, and I am going to oppose any resolution such as this until such time as uniformity can be arrived at in some manner.

As I said a few moments ago, in South Africa they had a very bitter discussion on this question and wound up with two official flags. In New Zealand and Australia they

have not the same difficulty that existed in South Africa or that we have in Canada, because the people of New Zealand and Australia are practically all of one race, so there is nothing to cause friction between them. In Canada—fortunately, I will say, because I am an admirer of all races—we have quite a number of nationalities represented by substantial portions of our population, people from Europe who have brought their wealth, background and strength to help build up this country. In New Zealand and Australia, as I see it, they have not land flag designs at all; there they fly the blue ensign, a marine flag design, as a land flag. Of course it is none of my business if they choose to do that, but the blue ensign is not a land flag. In Australia and New Zealand they fly the blue ensign defaced on the field by their respective conceptions of the southern cross. In India they follow another design altogether, and if I had to choose from all the designs I would select a design similar to that adopted in India, where since 1863 they have had as their governor general's flag the union jack defaced by the star of India and surmounted by the Tudor crown. Since 1900, I believe, that has been what they term their official land flag, but it is not one hundred per cent official. I have here a letter from the Indian office describing their flag, which states that the union jack is flown over high courts, chief courts and judicial commissioners' courts. Generally speaking, however, I believe they accept as their official land flag the union jack defaced by the star of India.

A year ago I believe the hon. member for Cochrane (Mr. Bradette), speaking on this subject, referred to Newfoundland. I do not take anybody's say-so for things; I find out for myself, and I went to Newfoundland. There, I may tell the hon. member for Cochrane, the union jack is the official flag on land, while on water they fly exactly the same design of flags that we use; that is, their marine flags are the red and blue ensigns defaced by their shield, just as the Canadian marine flags are defaced by what I believe is the most beautiful shield flown throughout the empire.

I am sorry to say that my French-Canadian friends to whom I have spoken are generally in favour of a change in our flag. For a moment or two I should like particularly to direct my remarks to my compatriots, for whom I have the greatest regard and warmest feeling as the oldest Canadians of all. In a word or two I should like to outline to them the suggestion that if anyone in Canada to-day should object to the union jack, it is the Anglo-Saxons. Every part of the union jack come from France. The three crosses were all brought to England by the French conquerors following 1066, or by what we call the Norman kings who reigned after that time.

Mr. McLEAN (Melfort): Would the hon. member tell us how the St. Andrew's cross came from France in 1066?

Mr. MacNICOL: If my hon. friend does not mind, I shall make my own speech. Many folks forget that England was conquered by the French and ruled by French kings for several centuries. Those French kings and their supporters implanted in England the culture of which we are all proud, and in addition gave us much of our flag. The three lions on our shield representing England; the one lion representing Scotland, the fleur-de-lis representing the French and the harp representing Ireland, all came from France. The maple leaves represent Canada; I suppose they are Canadian, but at least four-fifths of the shield came from France. The insignia of the single lion was brought over in 1189 and placed on the British flag of that date by one of the Norman kings. Then in 1198, I believe, it was changed to three lions, and later the single lion was given over to Scotland and the English kept the three lions for themselves. The fleur-de-lis was brought over by one of the Norman kings or a successor to the Norman kings, who had the good judgment to marry a French princess, or one whose mother was French. The only thing coming from Canada is the three leaves, while the Englishman and the Scotsman have nothing that did not come from France originally. So, if any members of this house should stand four-square for the union jack and our marine flags, it is the French-Canadian members, and I hope that when the vote is taken this resolution will be defeated.

An hon. MEMBER: Hear, hear.

Mr. MacNICOL: When the hon. gentleman who said "hear, hear" makes his speech he can say what he likes, and perhaps I shall have the pleasure of saying "hear, hear" to him.

Before this house discusses the question of a flag at all I think the government should assume its responsibility. That it will not do. In the second place, I certainly should like to see some uniformity throughout the empire. There is little now as to land flags. Canada flies the union jack; that applies also to Newfoundland. In India they have the union jack defaced by the Star of India.

In New Zealand and Australia they fly on land a marine flag defaced on the field. In South Africa they fly two flags. There is not much uniformity in that. But there is uniformity when it comes to the two marine flags, which are uniform throughout the empire. I dislike to say this, but I fancy that if the resolution went to a committee of the house we might get back a flag something like the one they have in South Africa, of which the union jack occupies only a small part.

Speaking last session the Prime Minister (Mr. Mackenzie King) gave three or four reasons why he was opposed to our present design of flag. First, he referred to the legations. I said then, and I repeat to-day, that when any person is going to the legation in London, Paris, Brussels, Berlin, or wherever it may be—and I have been to a number of them—he does not go round looking for a flag, to find what flag is flying over the building. On the contrary, he takes a taxicab to go about his business at the legation.

I must recall to the hon. member who moved the resolution some facts concerning Canada House. I must inform him that the union jack flies on Canada House; I have seen it there. I saw it there throughout most of the coronation period.

Mr. McINTOSH: The hon. member did at the time of the coronation, but that is all.

Mr. MacNICOL: Well, I am glad the gentlemen in control of Canada House had the good sense to stamp Canada as part of the British empire during the coronation period.

Mr. McINTOSH: The official flag of Canada on Canada House is the red ensign.

Mr. MacNICOL: The hon. member has delivered his speech; I want to finish mine. I remember well the empire games which took place at Hamilton. I am not sure whether the whole world was represented, but perhaps an hon. member from that city could tell. I do know, however, that at those games, which I believe were world-wide in extent, the winners marched past the grandstand, and various flags passed by. There was little acclaim for any of those flags, with the exception of the one carried by the Scottish representatives. They carried the union jack, and received tremendous acclaim. I said to myself at the time—

An hon. MEMBER: Different from Australia.

Mr. MacNICOL: Both the Australian and the New Zealand flags were there, but they did not receive the acclaim received by the union jack at the head of the Scots. The objective in those games was to be a winner. No matter where that winner may come from, his reputation and that of his country are known everywhere. His winning is of more importance than the fact that he might be carrying a flag.

Something has been said about a lack of distinction, but I believe I have exploded that suggestion. The union jack and our coat of arms are distinctive of Canada. Something was said about cathedrals. So far as I have observed, battalion flags are shown in the cathedrals, although there may be some others. So far as I am concerned, the suggestion that we should fly flags in European cathedrals is not sufficient reason for changing the flag of this country.

Finally, I repeat my main objection, namely my objection to the statement made last session by the Prime Minister. I quoted it before, and I shall do so again:

> The use of the union jack on anything that is distinctively Canadian in the United States does not help to emphasize the individuality of this country or its distinct nationality; it helps to submerge them altogether.

In conclusion, let me say that if a committee were set up and the Indians, the first settlers of this country, were invited to take part in the debate before that committee, or to take part in a conference concerning the flag, I am convinced they would take the same stand as our brother black men in South Africa took. During the time of the debates in South Africa between the Anglo-Saxon Afrikanders and the Dutch Afrikanders, both of whom are equal and deserve unlimited respect, when the debate was hottest and little accord could be arrived at, the six million blacks of South Africa sent their chiefs to make their representations and demands. It is for that reason that the union jack does appear, even on the Afrikander flag. They demanded that the union jack be made part of the flag because they said they knew it stood for liberty and fair play, and without its appearance on their flag they would not know whether they would receive proper treatment.

If ever the time comes when there is any discussion before a committee in Canada concerning the flag, I hope our noble red men may be invited to give their opinions. I should like the successors to Brant and Tecumseh to present their opinions. I should like to hear the opinions of the successors of those Chiefs who left their beautiful homelands in New York and Indiana to come to the north side of the lakes and the river St. Lawrence so that they might obtain the protection of the union

jack. I am satisfied that if they were asked their position they would take the same stand as was taken by their black brothers in South Africa, namely that the union jack should have a prominent place in this country.

I am opposed to the resolution going to a committee. If the government has the courage to discuss the matter, or if it wishes to have a new flag, let it present that new flag to the House of Commons.

Mr. R. S. WHITE (St. Antoine-Westmount): Mr. Speaker, on two occasions in the last parliament I spoke in favour of the adoption of a national flag for Canada, that flag to be the union jack, with the emblem of Canada on the fly. I have seen no reason for altering that opinion. But I am convinced that in view of the present state of world affairs it is inopportune and inadvisable to proceed further with this matter.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I had no intention of taking part in the debate, but certain remarks of the hon. member for Davenport (Mr. MacNicol) compel me to do so. I may say immediately that I am in favour of the resolution before the house, and I am also in favour of the adoption by Canada of a distinctive flag.

I would invite hon. members to read the resolution carefully. It recites merely that in the opinion of the house a special committee be appointed for the purpose of considering the advisability of adopting a distinctive Canadian flag. I agree entirely with the former leader of the opposition, whom we may now call the Right Hon. R. B. Bennett, as he is no longer a member of the house. Taking part in a similar debate last year he said the following, as reported at page 488 of *Hansard*:

It seems to me almost monstrous—

I am afraid the hon. member for Davenport will not like the word; it is not my word, however, but that of his former leader.

—that the House of Commons should deny the right of a committee to consider the advisability of our taking any step in the world.

And further on Mr. Bennett said:

After all, however, it does seem that we should have some method by which to identify ourselves in the eyes of those who look upon our bunting as it floats in the wind.

I visited Australia and New Zealand some months ago, and it would be a brave man indeed who would say that New Zealand was lacking in loyalty to the British crown. Yet New Zealand has a distinctive flag which they have adopted for a definite purpose. Australia, too, has a distinctive flag, and I do not think the casual observer would state that there is less devotion and loyalty to the British crown in Australia than in Canada.

I respect the other opinions that have been expressed, but for the life of me I cannot see how the adoption of the proposal of the hon. member for North Battleford (Mr. McIntosh) could affect our relations with the mother country or the part we are playing in the British commonwealth of nations. I think it would be quite to the contrary. It would be merely symbolizing our position in the British empire. Instead of being an agency for disunion or disintegration a distinctive flag would show that Canada, which is a distinct entity with international rights and duties, is a member of the British commonwealth and wants to remain so.

Let me tell my hon. friend that he has misinterpreted the remarks made last year by the Prime Minister (Mr. Mackenzie King) when he infers that the Prime Minister said he would be opposed to the union jack being a part of the Canadian flag. That is another back-of-the-head view that my hon. friend has had; it is some more picture language. I know that the idea of the Prime Minister is, and this is my view also, that when and if a flag is accepted and adopted for Canada, the union jack will be a part of that flag. Our flag will be like the flags of other members of the commonwealth. I cannot understand this obstinate opposition; it will create disunion and lead to division in Canada. I ask the hon. member for Davenport to take my word for it that we will have a Canadian flag sooner or later. Like all the other steps which have been taken in our progress toward nationhood, this step must be taken in spite of the strenuous opposition of those who think we are giving up our connection with the commonwealth. It is just the contrary.

The British commonwealth is based on freedom, and I cannot see why we in Canada should act differently from the other countries in the British commonwealth of nations. The hon. member spoke of the empire games. I have attended many international and imperial gatherings. As late as last September I attended the meeting of the League of Nations at Geneva. The Canadian delegation was on the same floor of a hotel as the Australian delegation. It is the practice to put up the flag of each nation whose delegates are located in a particular hotel. Delegates from India were also there, and the different flags were flown. At the imperial conference all the other dominions had their own flags. I do not think anyone will question the loyalty of New Zealand. I know whereof I speak when I say that when there has been a conflict of view as to certain steps to be taken at the imperial conferences, New Zealand has always been very firm and has

refused to accept innovations until she was convinced that they should be accepted for the sake of unity. New Zealand has her flag. Australia has her flag.

Some reference has been made to the fact that his majesty will visit Canada. The present king was in Australia in 1927 to inaugurate the new capital city of Canberra. I had the honour of representing Canada at that time. The king did not seem at all scandalized when the Australian flag was flown. I think a Canadian flag, with the union jack forming part, flying side by side with the union jack which will always represent the whole of the commonwealth, would make for the majesty and add to the greatness of the British commonwealth of nations. I was in Berlin in 1936 at the opening of the Olympic games. After the unveiling of the monument at Vimy I had three days before I had to catch my boat, and I attended this great event. There again all the nations of the world paraded with their flags.

Of course, we have our commercial ensign, but as my hon. friend has said, it had to be pulled down from the top of this parliament building because it was not a land flag. We had to take the union jack, the flag of the empire. I repeat that I cannot see the validity of the objections to this resolution. I tell my hon. friend that if he thinks this would be a sign of disloyalty or division, he is very far wrong as far as I am concerned.

Mr. MacNICOL: I never mentioned disloyalty or division; I never used those words.

Mr. LAPOINTE (Quebec East): I believe in Canada remaining a part of the British commonwealth of nations, and I shall always defend that view. I believe the future of our country is linked up with that institution, but I believe that for the sake of common sense we should show that we are a distinct part of the British commonwealth. What will my hon. friends on the other side who are so strong for a large navy have to show that the different units are Canadian unless those units are flying a distinctive Canadian standard?

Again, with respect to the objections of my friends opposite, I agree with Mr. Bennett, that it is—I will not say monstrous, but I will say it is not fair to prevent examination and consideration of this question by a committee, where, if the house will agree to such a committee being appointed, all the objections to the proposal may be thoroughly considered. I think it is a step which this house should take.

I cannot help remembering what took place yesterday, especially in view of the words of my good friend from Davenport that we are wasting three hours this afternoon in discussing this question. Yesterday I believe he was one of those who protested vehemently when the government wanted to take Wednesday for government business. If that had been done, and we had been allowed to do what we proposed yesterday, the time would not have been wasted this afternoon.

Mr. MacNICOL: May I correct the minister, and say I was one of those yesterday who hoped that the government would adhere to the terms of its resolution on the order paper to take to-day as a government day.

Mr. LAPOINTE (Quebec East): I beg my hon. friend's pardon. I see that he is often right, even if he is wrong in the present instance.

I submit, Mr. Speaker, that there would be nothing lost and nothing objectionable in allowing this resolution to go to a committee of the house for a report upon it. I am therefore strongly in favour of the resolution.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, after the speeches of the hon. Minister of Justice (Mr. Lapointe) and the hon. member for Davenport (Mr. MacNicol), I do not think we will ever let the old flag fall.

The question before the house has been introduced by the hon. member for North Battleford (Mr. McIntosh). Toronto knows something about North Battleford because that city sent three or four regiments, the Battleford column, out there in the Northwest rebellion. They carried the union jack, and it was good enough for them in those days.

The motion of the hon. member reads:

That, in the opinion of this house—

And that is as far as he is going to get. It is only an opinion, and whether this house passes the resolution or not, I believe that the province of Ontario will never change the union jack. It should be our flag, as it has been in the past ever since this country has been a country. It is our flag and the flag of the empire.

The minister (Mr. Lapointe) wants a select committee of the house to examine this question. I have been a member of some of these committees. They are appointed and they meet, and when they are ready to conclude their business we generally find that it is the majority, representing the government of the day, whichever government happens to be in power, that writes the committee's report.

The resolution goes on to say that the committee should consider "the advisability of adopting a distinctive Canadian flag." Well, Mr. Speaker, we have a distinctive Canadian flag at the present time, the union jack. We have, in addition, two or three other distinctive flags.

The resolution, after all is said and done, largely resolves itself into a question of sentiment, and you cannot go against the sentiment in this dominion in favour of the flag which has protected our shores all these years since we have been a country.

As I said, Mr. Speaker, we have other distinctive flags. I saw two or three of them last week-end in the city of Toronto. First, there is the black flag of unemployment, representing people in want and all that. The unemployed are carrying the black flag and we should get rid of that first. Then we have the red flag of the bailiff—and we heard something about that last night—that red flag which dispossesses people of their house and property and puts their goods and chattels out on the street, on account of the depression and unemployment. Let us rid ourselves of that also before we change the union jack. Then we have the flag of separatism, and this resolution is about the wind-up in spreading separatism in this country.

The resolution goes on to say that it is advisable to have a distinctive Canadian flag "representing Canada as a whole." This proposed makeshift flag, because so many different designs have been suggested, might be called a crazy quilt. It might be all right to haul up on hallowe'en night, but as representing the whole Canadian nation, no, Mr. Speaker.

The resolution goes on to say that a distinctive Canadian flag would symbolize "the dominion as an equality partner in the commonwealth of British nations." Well, we may have equality of status, but certainly we have not equality of stature because we are depending on the mother country to preserve the civilization and liberty we enjoy. Let us pay for a fleet to protect our shores and trade routes. There is a difference between status and stature.

Resolutions similar to this have often been debated in the house, and the house has always failed to pass the resolution. I would point out that we have no mandate from the people of Canada to change the flag that has protected us for so long. No one proposed such a thing in the last election. And furthermore this resolution is introduced by a private member. Why do not the Minister of Justice and the cabinet take the responsibility for changing the flag? Then we would have a real union jack election all over this country. Why does not some member of the government rise up and say: We as a government are ready to change the flag. The government do not seem prepared to do anything about anything. Only yesterday, when they were asked that something be done about something or other, they were going to read Edmund Burke. That is twenty-four hours ago, and they are still reading it, and by the time we get a new flag they will still be doubting what their policy is. In my opinion, before any change in the flag is made, a member of the government should introduce the necessary resolution.

The hon. member who introduced this private resolution based it upon four or five principles. The first principle was to get the opinion of parliament. Now for this government to get the opinion of parliament seems to be a relic of the past. They got no opinion from parliament on their various treaties and on their annual estimates. We just conduct post mortems here. But now they propose to change all that practice and get the opinion of parliament about changing the flag. It would be far better if they sought the opinion of the electors of this country. They should decide this question if anybody should.

The next principle of my hon. friend was that this question should be considered by a special committee. I do not know what he wants a special committee for. A committee might well be appointed to get jobs for Canadians in Canada and do something practical. That would be better than a committee to change the flag.

The next principle was that a distinctive Canadian flag should be adopted to represent Canada as a whole. But we have always had a flag to represent Canada as a whole, and in my opinion it is the only one flag for Canada and the empire. We should have in this empire, one throne, one king, and we do not want half a dozen flags.

The next principle was that the flag should symbolize the dominion's equality of status in the commonwealth of British nations, and in a few moments I shall deal with that further.

The mover of the resolution gave a short account of the discussion of this question in the house last year. It also came up in 1929, and a committee was appointed consisting of seven departmental officials, but that was all that was done. The question has come up three or four times since I have been a member of the house, but nothing has been done.

We are apt to forget in all this discussion that our very existence depends upon our remaining in the British empire and having the

protection of Britain and of the other members of the commonwealth. After all the eloquent remarks that we have had from the hon. member for North Battleford and others, Canada will not be talked out of the British empire by any change in status or in flag. She will have to be fought out of the empire. That is the only way of getting Canada out of the British empire, so far as Canadians in nine provinces are concerned. If Canada could have been talked out of the British empire, she would have been long ago.

I am opposed to any change of flag for any reason whatever. The union jack to-day represents equal rights to all and special privileges to none. It stands for freedom, justice, liberty, righteousness, honour and protection. It has a history and a tradition which are sacred to the people of Ontario, and so long as we remain part of the British empire we shall have all the military and naval forces on land and sea and air to defend our shores and safeguard our rights.

If Canada is to become a united people from coast to coast we must have greater loyalty to Britain, the British empire and the union jack in the future; and the best way to ensure all this is for us to retain the union jack as we have it. This matter has been discussed in our schools. In my opinion, in the schools to-day too much stress is placed on mere book-learning and not enough on education in patriotism, duty, discipline, sacrifice, and service to one's country—qualities which are indispensable in the present state of the world, and more important than book-learning. In the schools in Toronto the use of the flag has been extended to various activities, and that is something in the right direction. The flag is used on many occasions to mark the commemoration of important events in our history.

We should rejoice that we live under the union jack and enjoy the peace and security that we do. The flag has made us respected the world over. In view of certain opinions that have been expressed in the house, I think it would be interesting for me to quote a letter I have here from Mr. T. A. Beacock of Regina, Saskatchewan. He wrote to me from 1225 King street, Regina, on October 17 last, enclosing a copy of a letter he had received from the acting under-secretary of state, Mr. W. P. J. O'Meara, in answer to a question regarding an official flag for Canada. In his reply to Mr. Beacock the acting under-secretary of state, under date of October 13, wrote:

> I acknowledge the receipt of your letter of October 10th and its enclosures.
>
> In so far as this department is concerned there are no civil regulations governing the flying of flags in Canada. The union jack, however, is recognized as the flag to be properly and officially flown on land in Canada.
>
> As regards the Canadian red ensign there is no law prohibiting the flying of this ensign on land in Canada. The only regulation of which I am aware respecting the flying of the Canadian red ensign on land is a special order in council which permits the flying of the ensign over Canada House in London, and the Canadian legations at Paris, Washington and Tokyo. It is also flown on vessels of Canadian registry.

Something has been said by the mover of the resolution about the status of Canada. The trouble to-day is that we are tending more and more in this dominion to separatism. In fact, we have gone almost the full length of the road that leads to complete separation from the motherland. For example, as I said in the house a few years ago, in 1919 Canada signed the treaty of Versailles as a separate nation, and then a separate seat for Canada was demanded and secured at the assembly of the League of Nations. In March, 1923, the halibut treaty was signed at Washington by Canada as a separate nation. The imperial conference of 1923 affirmed the right of Canada to sign separate treaties. In 1924 Canada acted separately on the Dawes plan, and in that year Canada urged that the Colonial Laws Validity Act be repealed. In 1926 there was another imperial conference and the right was affirmed of each dominion to make separate and independent treaties not binding on any other country. We were given sovereign powers, and we saw the results in the Kellogg note. Separatism has gone far enough in this country. Some would abolish appeals to the privy council; others would abolish the office of lieutenant governor. Many innovations have been made during the last few years, with the result that we have nothing but a policy of separatism in this country, and this resolution, Mr. Speaker, practically says that Canada is a separate country from the mother country, like Spain or Ireland. We are bound to the mother country by ties of loyalty and affection. The governor general is also now merely a viceroy and removed from getting any advice from Downing street, and must get all his advice in Canada from our own cabinet. Ties of sentiment and appeals to the privy council now alone remain, and the latter is being attacked.

In this matter of status it would be well for us to see how far the tendency has gone in South Africa and the south of Ireland. The south of Ireland is a separate country the same as Mexico. They have abolished the office of governor general; they have abolished appeals to the privy council; they have removed the king's head from coinage and postage stamps;

they have rid the country of British soldiers, and now they want to annex the six counties in northern Ireland. The statute of Westminster, in my opinion, has led to the desire for separate flags. It was passed over the people's heads to please southern Ireland and South Africa. Instead of having a separate flag; instead of taking up time discussing that question, it seems to me it would be far better for Canada to close up the embassies altogether. This division between the dominions and the motherland on embassies is extremely dangerous in time of peace and it would be more disastrous in war. Separatism is responsible for the pact made at Munich a few months ago, and with the pacificism in Canada it is not surprising that in England they are wondering whither Canada is going.

So far as South Africa is concerned, I should like to quote briefly from an article that appeared in the *National Review* of August, 1938. They have hauled down the union jack in South Africa. President Hertzog will not even take the privy councillor's oath. The *National Review* says:

A correspondent sends us a photograph from the *Daily Express* (Johannesburg) of the hauling down of the union jack just before a parade at which General Hertzog took the salute. The *Daily Express*, whose permission we have for reproduction, is a paper supporting General Hertzog, and their photographer caught a picture of the descent of the union jack just as it occurred. The caption under the photograph is as follows: "Just before General Hertzog arrived at Swartkop aerodrome to take the salute at to-day's union day parade, officers discovered that the union jack, instead of the union flag, was flying at the saluting base. Hastily they had the union jack hauled down."

We are asked to copy southern Ireland and South Africa, these other parts of the empire, in the request for a distinctive flag, but is anybody in favour of our following South Africa? They have gone even further than merely hauling down the flag; they have gone as far as southern Ireland has and have complete separatism. They want to be outside the empire and yet appear to be within it. They wish to be a separate country, not belonging to the empire, but they desire to have non-alien status accorded them, in order to keep the protection of the British fleet which is their salvation from dictators. That is all they want to be in the empire for. They want to elect one of their own people as governor general. In addition we have a wave of separatism all along the line. I have been very much alarmed over this state of affairs as to where Canada stands and where she is going. They are asking now for a separate flag to fly over these legations, the cost of which just goes into a sink-hole, and when that cost is paid, before they are through with all these ambassadors on the seven seas, instead of filling the farmers' barns in Canada it is going to empty their pockets. We are a nice dominion, asking to change the flag! Let me say to the mover of this resolution, who talks about the status of Canada and all that kind of thing, that they are about having a separate nationality. As I said in a debate in the house in May, 1928, in reference to the storms on the great lakes in the season of 1927 in which many brave sailors on grain trade ships carrying Canada's flag were drowned in lake Superior, and in connection with this change of flag and change of status which have been mentioned in this debate:

The sense of Canada's nationalism increases and multiplies through our love of British unity. The true Canadian nationalist will not want to see this country a deadbeat on the taxpayers of the British isles for the upkeep of battle cruisers and a navy to maintain the safety of Canadian shores and for the protection of Canada's commerce on the high seas. The true Canadian nationalist will not want to see Canada a nation only in the advertising pages of American journals. As a nation we are a pauper so far as the actual reality goes.

The closing days and nights of navigation on the great lakes in the season of 1927 recorded a great story of unbroken fortitude and of unshaken endurance which proved that our countrymen, the sailors on the decks of those doomed vessels, were blood brothers of the soldiers who brought glory to Canada at St. Julien, the soldiers who could not be blown off the ground they gained at Passchendaele, who climbed the heights of Vimy Ridge, who gained the victory at Amiens and many another field of glory, men whose names will forever thrill every true Canadian. These sailors struggled or waited hour after hour; help came to them, it was help organized by the valiant hearts and strong bodies of their own country, or if help came it was help bought and paid for by the taxes of the people of the United States. That is Canadian nationality for you. The struggle was a story of glory for Canada's sailors. The struggle was a story of shame for Canada's politicians. The tragedies of the great lakes in the closing hours of navigation last season showed in its true colours the stuff that Canadian nationalism is made of. We have those who write and talk and chatter at banquets and refuse to pay under the terms of that nationality.

Canada is a proud and haughty nation. It sends its merchant ships into the winter storms with nothing to do but whistle for a United States service tug when the ship is in danger and to fill the air with the distress signals of a siren with the hope that a United States life saving vessel will put to sea and save the lives of Canadian sailors. Canada, a nation, and in trouble, has a navy maintained at the expense of the old country taxpayer to guard the safety of Canada's shores in war.

That was in a debate back in May, 1928. I do not know what is coming in Canada, with all this Anglophobia which has been going on. We have from the press of the United States

and international radio broadcasts attacks on Britain and the Munich pact. We prefer discussing this academic question of the flag to that of needy workers who are to be forgotten. It seems that we are exerting every effort to get out of the empire, by every separatist movement we make. It puzzles me to know what Britain has done to Canada to cause this organized campaign of disparagement. As I have said on other occasions in this house, what does the union jack stand for? I will tell hon. members what it stands for. This is what I said in another debate:

> The Saxon has marked around this earth, as has no other race before him, the scarlet circle of his power.

These are reasons why some people do not want to give up the union jack.

> This thin red Saxon line, so thin with his numbers, so red with his blood, was made possible only by his heroism and radical fealty. Where this line has not gone man has not found. It has crossed every sea, it has traversed every desert, it has sought every solitude; it has passed through swamps where only the sacred ibis fishes, over sands that have never been moistened, over snows that have never melted. There has been no storm it has not encountered, no pain it has not endured, no race it has not fought, and no disease it has not contended with. This Saxon line has been to the earth a girdle tragic and heroic, binding within itself all the old and great places of the world. It has been silent in its duty, ignored in its achievement, and scorned in its devotion; yet it has given down to this now neglectful race a world such as mankind has never known before, an empire over which the sun and stars shine together, where night never falls nor dawn begins. The perpetuation of the British empire depends, first, upon its military duty, and secondly upon its political unification. Sectionalism in time and place must give way to laws so universal in their application that they differentiate in no way between the inhabitants of the overseas dominions and the United Kingdom.

The sentiment exists in almost every province. It was found also at the battle and siege of Londonderry. We look to Macaulay, who described what this flag meant to the people of his time, when he visited Ireland in his lifetime, when Britain was saved. Referring to this flag in the days of those great patriots who suffered and won great battles in the siege of Londonderry, in the history of our empire, he said that " the various tombs of the captains have been sought out and repaired and embellished. It is impossible not to respect the sentiment which manifests itself in these tokens. It is a sentiment which appeals to the higher and purer part of human nature and adds not a little to the strength of states. A people that takes no pride in the noble achievements of remote ancestors will never achieve anything worthy to be remembered." It is such

[Mr. Church.]

sentiments as that which are wrapped around the union jack and all it stands for. No other is just as good.

In addition something was said in this debate about our soldiers, and I refer to the glorious land of France where so many of our brave soldiers sleep their last sleep. The endurance of the glorious French nation toward whom the eyes of the whole civilized world were turned during the late war; the awful privations, trials, and tribulations they suffered and endured for humanity; the anxiety, pain and sorrow of that land will live in history as an example, for all time, of the most sublime patriotism. So, if this union jack was good enough for those six hundred thousand men who went over to Flanders and France from Canada, and the sixty thousand who lie buried there, it should be good enough for those who stayed at home.

Reference was made yesterday to our relations with our sister country, the United States. There is a large body of public opinion in this country that supports the very fine relations we enjoy with our kinsmen, and long may those relations continue. But there is something to be said about the flag and democracy. One thing you can admire the people of the United States for is that they have one ruling power, the president and congress and the senate. Nobody can attack them. They have one flag, one school, and they are one nation.

This question of the flag and democracy was, on the anniversary of the birthday of Lincoln, February 12, last Sunday, the topic in many pulpits in Canada. At the dedication of the burial ground at Gettysburg he had this to say on democracy and one flag, and we can well take a lesson from it in regard to one flag for this empire. I think we should take a leaf out of the book of the people of the United States in this connection, and in regard to the way in which they honour their memorials and heroes. On that occasion President Lincoln said:

> Four score and seven years ago our fathers brought forth upon this continent a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal. Now we are engaged in a great civil war, testing whether that nation, or any nation so conceived and so dedicated, can long endure. We are met on a great battlefield of that war. We have come to dedicate a portion of that field as a final resting place for those who here gave their lives that that nation might live. It is altogether fitting and proper that we should do this. But in a larger sense we cannot dedicate, we cannot consecrate, we cannot hallow this ground. The brave men, living and dead, who struggled here, have consecrated it far above our power to add or detract. The world will little note, nor long remember, what we say here, but it can never forget what they did here.

It is for us, the living, rather to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us, that from these honoured dead we take increased devotion to that cause for which they gave the last full measure of devotion; that we here highly resolve that these dead shall not have died in vain; that this nation, under God, shall have a new birth of freedom, and that government of the people, by the people, and for the people, shall not perish from the earth.

I think those are reasons why there is a very large body of public opinion opposed to any change in our flag, especially at this time when dictators are leaping out of the trenches and advancing to the Baltic, the Black sea and the Mediterranean. This is no time for us to make a change; rather we should back up one flag for the whole empire. That speech will live for all time. All state governors were present to honour the dedication of Arlington cemetery on the field of Gettysburg. A famous orator of this day, Hon. Mr. Everett, was the chief speaker, and President Lincoln was called in at the end to say a few words. His classic belongs to the ages and should be a guide to Canada and democracy.

Mr. H. E. BRUNELLE (Champlain) (Translation): Mr. Speaker, I wish first to congratulate the hon. member for North Battleford (Mr. McIntosh) on his tenacity and perseverance, for it is the fifth or sixth time, I think, that his motion for the adoption of a distinctive Canadian flag gives rise to a debate such as the present one.

On the 12th of December last I attended a celebration at Three Rivers, sponsored by a patriotic society, of the anniversary of the Statute of Westminster. On that occasion as on many others it was quite visible that the independence of our young nation is dear to all hearts. Indeed, this independence is for us a cause of legitimate pride.

As citizens of a self-governing nation it is quite natural and consistent that we should wish to enjoy the privileges incidental to that status, such as the abolition of appeals to the Privy Council and the adoption of a distinctively Canadian flag. I wish to have recorded in the proceedings of the house a resolution forwarded to me by this patriotic society:

The Saint-Jean-Baptiste Society of Trois-Rivières would be happy to see this country fly a distinctively Canadian flag during the coming visit of our king, George VI.

We hope that the government will introduce a motion on that subject at the next session of parliament.

(Signed) Maurice Gélinas.

Last year I supported the hon. member for North Battleford's motion for the adoption of a Canadian flag. I support it again this year and with still greater conviction. The mother country having seen fit to grant us our independence, she will naturally expect us to appreciate the privilege and take full advantage of it.

Sooner or later we shall have a Canadian flag, so why not now? I will not repeat the arguments I propounded last year, in order not to take up too much of the time of the house, as our hon. friends opposite have been doing for some weeks. I shall here venture a digression which will serve as a reply to the hon. member for Davenport (Mr. MacNicol) who has just been complaining of the uselessness of a discussion of this nature.

In answer to a question the government stated that the Davis inquiry had cost $12,580. The inquiry before the public accounts committee will probably cost as much, and if it is true that each sitting day of the session costs about $12,000 the Conservative party will bear the responsibility of having made the country spend more than $120,000 to discuss a question which had already been definitively settled by the Davis commission. Is it not strange to hear hon. members opposite speak of the great number of unemployed workers and, at the same time, cause the useless expenditure of $120,000?

I would like to add that the arguments used against the adoption of a Canadian flag do not meet with the approval of the majority of our citizens. It is quite the contrary. Such arguments are futile. Many persons have asked me what objections are raised by the opponents of the proposal. Seeing that previous speakers have mentioned all the arguments in favour of a Canadian flag, I took the trouble to read the speech delivered last year by the hon. member for Broadview (Mr. Church) who has just resumed his seat. Let me read a few extracts from the forty minute speech which he delivered on that occasion.

I quote:

The union jack was good enough for 600,000 soldiers who fought for you and me in France and Flanders, and it should be good enough for the civilians who stayed at home.

Does that mean, sir, that those 600,000 Canadian soldiers would not have fought for England, had we had a distinctive Canadian flag? I always understood that the last war was fought in order to make the world safe for democracy.

I quote again:

There is no demand for a distinctive Canadian flag.

I wonder if the hon. member took the trouble to ascertain the views of many of his electors, or if he saw only one or two.

I believe in the policy of one king, one flag, one school and one empire. . . .

The hon. member could have completed the list, with a statement frequently heard on July 12, and said that he believes in the policy of one language.

I resume the quotation:

I have consulted with a great many people about this flag issue, and the general feeling is that it would be better for us first to provide a proper fleet on which to hoist a flag, and not boats like the *Minnie M*, the *Ada Alice*, the *Island Queen*, the *Luella*, and the *Shamrock*. I do not know where this Canadian fleet is, though I read naval orders.

Further on he says:

So I say, wait until we get an adequate fleet to carry a flag and sufficient men to man the fleet. On land and sea and in the air what are we doing to-day for our own protection? Simply hoisting the pan-American flag in and out of this house.

He went on:

We should do well to go back to the days of Sir John A. Macdonald and remember his declaration, "A British subject I was born; a British subject I will die."

And he said further:

Is it advisable at the present time to raise this question when we are depending upon the motherland for maritime protection?

We are trying to establish an air force in Canada. We know how war has been revolutionized in the air. If the enemy were to sail up the St. Lawrence, what would be our position? We are unprepared; while we are talking about a new flag they could blow up the citadel, proceed to Ottawa and blow up these buildings and the Chateau Laurier.

Mr. Speaker, I have quoted those words from the hon. member for Broadview because he is one of the warmest supporters of the union jack and one of the fiercest opponents of an essentially Canadian flag.

Continuing, he said:

The new flag would no doubt please a good many people in all the provinces; but, as I say, if the enemy sailed up the St. Lawrence, where would we be? Somebody in the committee might say, "We have pan-Americanism to protect us."

His concluding remark was the following:

The people of Canada never voted or consented to that, and they have not voted on this question with regard to a change of flag.

I could find nothing more convincing than that in the speech of the hon. member for Broadview. That is what those who are opposed to a Canadian flag call arguments. It reminds us of the stone age artists who, after having drawn the likeness of a horse or a dog, had to write underneath it: this is a horse, or this is a dog. The opponents of a Canadian flag and their arguments may be compared to the prehistoric artists and their works.

In conclusion, Mr. Speaker, I do say that our loyalty towards the Empire and the Crown have nothing to do with this motion. And I should like to answer what the hon. member for Davenport (Mr. MacNicol) said a few moments ago when he made a special appeal to the French-Canadians. He stated that we should be the first in wanting to retain the union jack, because it is mostly derived from the Fleur-de-lis flag! Let me say to the hon. member that we do love France, her culture, her arts, her literature. We also love England, but our chief concern is for our country, Canada, because we have no other fatherland.

In order to have any significance, a flag must be distinct from those of other nations. Let us hope that the Statute of Westminster will completely eliminate whatever colonialism we may still harbour, so that we may fully enjoy the distinct privilege of having a national flag. The days of a double allegiance are past. After all the question is: are we or are we not Canadians? If we are not, then let us go and live somewhere else, under the flag we prefer. The way has been shown to us recently by some one who is highly-placed. If this were done, there would only remain in this country true Canadians who could sing with sincerity these words from our national anthem:

Le ciel a marqué sa carrière
Dans ce monde nouveau.
Toujours guidé par sa lumière,
Il gardera l'honneur de son drapeau.

There is no room in this country for a divided allegiance, Mr. Speaker. When His Majesty King George VI pays us a visit next spring, we shall be receiving the king of Canada, and I venture to say that the king of Canada will find it quite natural to see flying throughout this dominion, wherever he goes, a distinctively Canadian flag.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, rising to express my convictions with regard to the resolution I should like first of all to refer to the masterly manner in which the hon. member for North Battleford (Mr. McIntosh) voiced his oft-repeated arguments in favour of a new and distinctive Canadian flag. Whatever inherent weaknesses there may be in the hon. member's argument—and I contend there are many—one cannot justifiably say that he did not conduct the argument in a most forceful and eloquent manner in his attempt to turn the parliamentary scales in his favour. I am convinced that not

only the hon. member but those sections of public opinion in Canada favouring the change are sincere in their endeavours to obtain a distinctive national flag. However, there are many people who, although sincere, may be somewhat misguided. May I say to the hon. member and to those who support him in his sponsoring of the change in our flag at this time that perhaps that word may be suitably used.

I never expected—and I believe my position is in common with that of other new members—that one of the problems we would be asked to debate during our term of service as new members would be the old union jack itself. And so in these days, when there is such a great desire for unity in Canada, it seems exceedingly unfortunate, from the point of view of national solidarity that this highly explosive subject should be debated. I say that because there is such a wide divergence of opinion, and views which are held strongly but honestly on both sides. Under such circumstances the possibilities of consequent bitterness over a change in the flag might well be minimized by leaving matters as they are for the present.

Apart altogether from the possible effect upon national unity there are those in Canada who feel that perhaps to make a change in the design of our flag would constitute, to some at least, an implied notice of a further desire towards insularity as far as the empire is concerned. I have not very much to say in favour of any hon. member who will stand in his place and wrap himself in the union jack, without having some real and honest conviction with regard to the subject in question. But surely, Mr. Speaker, even in these days some of the sentimental ties which bind Canada to the empire should be preserved. In my opinion the least we can do in Canada to-day is to preserve that one sentimental tie of the union jack, particularly at this time when we are soon to welcome with open arms Their Majesties the King and the Queen. Regardless of other arguments it seems to me there are many Canadians who, under ordinary circumstances, might conceivably favour a change to a distinctive national flag, but who in the face of the visit of their majesties would hesitate to sponsor any such idea just now. Our retention of the union jack will serve to show their majesties that Canada is not lacking in affection for the motherland, and that in addition to having a common monarch we fly in common with England the same flag.

I listened with some interest to the strong argument made by the hon. member for Davenport (Mr. MacNicol) to the effect that if the matter were really of great national importance to Canada any proposed action in regard thereto would have been initiated by the government and not left to a private member. I have great respect for the Minister of Justice, but I cannot help but think that with his great enthusiasm in support of this change, which was exhibited so well in his speech this afternoon, it is curious that he has not translated that enthusiasm into the introduction of a bill, backed by the government, to change our flag. Had that been done, there would have been some evidence of the courage of the government in that respect.

The hon. member for North Battleford used the words "national defeatism" and "national darkness" as an implication of the ends to which our steps would be directed if we opposed his resolution. It seems to me that we have entirely lost our sense of proportion when it is claimed that one class or section of this country has a monopoly of loyalty or affection to the British empire or to Canada itself as compared with any other particular class or section. Who can say that because of certain honest and sincere policies advanced in the House of Commons we are travelling toward national darkness or national defeatism?

If there is one thing we need in this country it is courage in our national life. I refuse to believe that there are those in Canada who would voluntarily travel along the paths indicated. The hon. member quoted extensively from his scrap-book of editorials, but he did not quote from that great national newspaper, the *Evening Telegram* of Toronto; had he done so I am sure it would have proved very enlightening.

Once a flag design is altered there is no warranty as to the finality of the change. From the proposed designs I have seen from time to time I am free to say that they would be open to serious and frequent challenge throughout the years that lie ahead. There would be nothing to prevent resolutions of this kind being proposed at every subsequent session, with the obviously resulting confusion. The only guarantee we can have in this regard is to leave the national ensign as it is.

With a depressed agriculture, with low wages and insecurity in industry, with a restless youth and evidence everywhere of criticism of unpopular and unbusinesslike public expenditures and unbalanced budgets, is it any wonder that the people who send us here become impatient when the time of the house is consumed by a discussion prompted by a desire to change the flag? Let us not endanger parliamentary institutions in these days when eager, hopeful eyes

are turned to parliament seeking prosperous conditions for the populace. Until some of our most urgent national obstacles are removed, let us not attempt to abolish the flag we have. Let us change the conditions over which the present flag flies before we attempt to alter the flag itself.

Mr. A. B. HYNDMAN (Carleton): Mr. Speaker, I should like to congratulate the proposer of this resolution (Mr. McIntosh) upon the manner in which he has brought it before the house. I was glad to hear him say that he hoped that the debate would be kept on a high plane. A subject of this kind should always be discussed from the national rather than the party point of view.

The hon. member said that the debates on this subject in the past had caused "consternation" in the Conservative party, but I am sure that if he were to consult his Liberal friends privately and quietly he would find that many of them are not in favour of changing the flag at the present time. The hon. member proposes setting up a special committee. I do not like that word "committee," especially after the experience we had with a certain other committee. I feel that we would get nowhere with a committee. I refer to the interdepartmental committee that acted in connection with the Bren gun. That committee was supposed to pass upon certain proposals put before it, but its recommendations were overruled. I feel that if this question is to go before a committee there will be a possibility that the recommendations of that committee will be overruled.

Mr. LAPOINTE (Quebec East): That is rather far-fetched, apart from its being out of order.

Mr. HYNDMAN: The hon. member quoted from various newspapers which were favourable to his resolution, but I venture to say that there were many opposed to any change in our flag.

Mr. McINTOSH: I ask the hon. member to quote some that are opposed.

Mr. HYNDMAN: I propose to give the house the statements of a number of outstanding men throughout this dominion. First I mention Mr. N. C. Polson of N. C. Polson and Company, who said:

I think this move is just one step further away from the imperialism that should animate all of us.

Then Mr. A. O. Dawson, president of Canadian Cottons, said:

It doesn't appeal to me. The union jack is a good emblem. Good enough for me. This seems to me to be a dividing, rather than a unifying move.

[Mr. Graydon.]

Clinton Henderson, of Henderson, King and Charland, Limited, exporters, had this to say:

I think the old flag will do for me. It is good enough for me, for as long as I live.

Then we have that outstanding Canadian, Sir Edward Beatty, president of the Canadian Pacific railway, who said:

While I do not think anyone will charge me with being anything but Canadian, I am not one of those who have a feeling of restiveness, nor is my inferiority complex heightened by reason of the fact that I live under the union jack. For a long time it has stood for some of the best things the world has witnessed, and it is likely to continue doing so.

The Hon. Gordon Scott, president of the Royal Empire Society, said:

I prefer to stick to the old union jack. It is symbolic of all that is good in the world and that will be good enough for Canadians.

The next is Doctor A. Bercovitch, one of the outstanding medical authorities in the city of Montreal, if not in the Dominion of Canada. He had this to say:

The union jack is good enough for me as long as I live. I don't see any reason for a change. We can be proud of the union jack.

Sir Charles Gordon, president of the Bank of Montreal, said:

The union jack is good enough for me.

Colonel Philip Abbey, former officer commanding, second field brigade, royal Canadian artillery, stated:

The flag we have is O.K. with me.

Mr. C. E. Gravel, a French Canadian business man, said:

At the present time, I am not in favour of a change in Canada's flag as I am of the opinion that public officials should spend more time in the solution of the country's financial problems and difficulties.

Next we have an outstanding minister of the United church of Canada. Doctor F. W. Kerr of St. Andrew's church in Westmount, had this to say:

I am perfectly satisfied with things as they are. Any change at the present moment which would suggest disunity in the empire is to be deplored.

Mr. J. S. Rigby, a flag manufacturer, said:

We should keep the union jack.

F. Winfield Hackett, K.C., said:

We are a part of the British empire and that flag has taken care of all our needs to date. Too many flags may lead to too much confusion, the way we are at present organized.

Then Major W. W. Gear, of William I. Gear and Son, shipping and travel agents, had this to say:

The government has more important things to do than think about flags, and the union jack should be retained.

Colonel Royal Ewing, one of the greatest marksmen in Canada, who has been to Bisley year after year, says:

I think the union jack is still all right.

B. W. P. Coghlin, president of the Montreal board of trade says:

If we try to work out another design it will divide Canada even worse than it is at present.

And finally I quote John A. Charron, president of the building trades council:

The flag we fly has always suited me.

There you have, Mr. Speaker, the opinions of prominent men from all over Canada, and I think their opinions are entitled to respect. The mover of the resolution (Mr. McIntosh) is far astray when he says that Canada is unanimously in favour of changing the flag. I submit that there should be such a unanimous desire throughout the country before the change is made, and I claim that there is no such universal desire. National unity is at stake in Canada at the present time, and surely, Mr. Speaker, this is no time, as I suggested in the debate on the address, to throw another controversial question into the arena. We have enough disunity as it is. So far as I am concerned no representations have been made to me to change the flag—not one. I think our time could be better spent in trying to reduce relief costs and the present high taxation, because these really are burning questions throughout the country to-day.

I listened to the Prime Minister (Mr. Mackenzie King) last night, and I certainly agreed with him when he said that one month of this session had gone by and absolutely no government business had been done. But I agree also with the leader of my group (Mr. Manion) that we were doing public business when we considered the Bren gun contract. This is what the Prime Minister said last night:

What I wish to make perfectly plain at this moment is that the government have been sent here by the people of Canada to carry on the business of the country, and the first duty of parliament is to get on with that business, no matter what anyone may say or wish. When private members, whether through resolutions or any other circumstances whatever, occupy the entire time of parliament so that it is impossible for the government to get on with a single measure, then I say the time has come for the government to take such action as is necessary and imperative to see that it can get ahead with the public business.

I suggested in the early part of this session that the hon. member for North Battleford withdraw this resolution, because it undoubtedly is contentious, and if he had withdrawn it at that time we should not be having this discussion to-day.

When the house is asked to consider changing the flag, we must remember that in Canada we have not only English, French, Irish and Scotch, but, in addition, quite a mixed population. I looked up the Canada Year Book for 1938, with respect to the origins of our people, and I found that in 1921 our English, Irish and Scottish population numbered 4,868,738, and in 1931, 5,381,071, and our total population in 1931 was roughly ten millions. So half the population of Canada is not made up of English, Irish and Scottish. The French-Canadian population in Canada in 1931 was 2,927,990, and surely they have a right to say: Let us have a flag emblematic of the French-Canadian. Then there are Austrian, Belgian, Bulgarian, Roumanian, Chinese, Czech, Dutch, Finnish, German, Greek, Hebrew, Hungarian, Indian, Eskimo, Italian, Japanese, Polish, Russian, Scandinavian, Ukrainian, Jugoslavic and various other people. We should have a lovely flag if it was going to represent them all!

I repeat, Mr. Speaker, that no one in this country is advocating a change in the flag. If it was a burning question, I would say all right, let us consider it. So far as a distinctive Canadian flag is concerned, the idea is perfectly all right, and if the hon. member for North Battleford would bring down a flag to the house and say, "This is the flag that I propose Canada should adopt as its distinctive national flag," I would not oppose it if it met with my approval, but I am certainly opposed to sending this question to a committee of the house.

We must also consider the number of different religions there are in Canada. We have for example, Adventists, Anglicans, Baptists, Buddhists, Christians, Christian Scientists, Church of Christ Disciples, Confucians, Congregationalists, Doukhobours, the Evangelical Association, Friends (Quaker), the Greek Church, the Greek Orthodox Church, the Holiness Movement, International Bible School, Lutherans, Mennonites, Methodists, no religion, pagans, the Pentecostal Church, the Plymouth Brethren, Presbyterians, Protestants, Roman Catholics, the Salvation Army, the Unitarian Church, the United Church, and various other religions. These are the religions of the people of Canada as classified at the decennial census, so I say, Mr. Speaker, that we have in this country so many different races and so many different religions that we had better leave a question of this kind alone at the present time, and not stir up strife when we have so much already in this country.

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

Thursday, February 16, 1939

The house met at three o'clock.

STANDING COMMITTEES

CHANGES IN PERSONNEL

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the name of Mr. McGeer be substituted for that of Mr. Streight on the standing committee on public accounts.

That the name of Mr. McPhee be substituted for that of Mr. MacKinnon (Edmonton West) on the standing committee on public accounts.

Motion agreed to.

CIVIL SERVICE ACT

APPOINTMENT OF SECRETARY TO CIVIL SERVICE COMMISSION

Mr. ARTHUR-J. LAPOINTE (Matapédia-Matane) moved for leave to introduce Bill No. 24, to amend the Civil Service Act.

He said: (Translation) The purpose of this bill is to provide for the appointment of the secretary to the Civil Service Commission, in view of the importance of that office, by the governor in council in the same way as the commissioners are appointed.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

UNEMPLOYMENT IN RECOGNIZED TRADES

Mr. LENNARD:

Can the government give the number in each of the recognized trades that were out of work in 1938?

Mr. ROGERS: No registration is made of all the unemployed in each of the recognized trades, hence it is not possible to give the exact number in these categories who were unemployed during 1938.

In the federal Department of Labour a register is made of all those unemployed receiving material aid and at present a classification is being made of these by crafts and a return will be made to the house in a fortnight or three weeks showing the result of this classification.

Returns are also received in the department which reveal, as of the last day of each month, the percentage of unemployment among the recognized trades, who are members of trade unions. Approximately two-thirds of the total numbers of trade union members in Canada are covered in these reports and it is assumed that if returns were received from all trade union bodies the percentages of unemployed would not be materially changed. The following table shows the percentages of unemployment among trade union members in Canada by months during 1938 and the yearly average for the same period:

Month 1938	Per cent
January	12·4
February	13·7
March	12·8
April	13·1
May	13·2
June	13·5
July	14·0
August	11·6
September	10·4
October	12·3
November	13·7
December	16·2
Average for the year	13·1

IMMIGRATION SINCE 1930

Mr. LACROIX (Quebec-Montmorency):

1. How many immigrants entered Canada under the Immigration Act since 1930?

2. (a) How many of such immigrants entered Canada since 1930 through orders in council and special permits, upon recommendation of members of the cabinet or members of the House of Commons; (b) from what country or countries did they emigrate; (c) what was their original nationality?

3. (a) How many immigrants, since the said year, entered Canada after being naturalized British subjects in other countries, viz: the United Kingdom, the Commonwealth of Australia, the Dominion of New Zealand, the Irish Free State, Newfoundland and British colonies; (b) what was their original nationality?

Mr. CRERAR:

1. 1930, 104,806; 1931, 27,530; 1932, 20,591; 1933, 14,382; 1934, 12,476; 1935, 11,277; 1936, 11,643; 1937, 15,101; 1938, 17,244.

2. The departmental records do not enable the preparation of an answer to this question in its present form. Such immigrants are not admitted on the recommendation of members

of parliament or members of the cabinet but by the Governor General in Council on the recommendation of the Minister of Mines and Resources. The attached statement shows the numbers of immigrants, by racial origin, admitted by orders in council during the period mentioned.

3. Statistics showing the manner in which immigrants obtained British nationality prior to their coming to Canada are not kept.

Statement showing the number and racial origin of immigrants to Canada, whose admission was authorized by naming them in orders-in-council

Race	1932	1933	1934	1935	1936	1937	1938	Totals
Austrian	7	22	4	2	11	5	34	85
Albanian	1	1	..	..	..	1	2	5
Armenian	..	11	3	10	..	8	2	34
Arabian	..	1	..	..	..	..	3	4
Belgian	18	29	13	30	16	21	27	154
B. W. I.	..	2	..	..	..	..	..	2
Bulgarian	5	2	..	3	5	5	2	22
Czechoslovak	34	27	18	30	39	37	48	233
Cingalese	1	..	..	..	..	..	..	1
Danish	22	18	7	8	5	7	13	80
Dutch	11	23	5	6	13	17	21	96
East Indian	1	..	2	..	1	..	..	4
Esthonian	..	..	2	4	..	..	1	7
English	..	3	2	2	2	2	3	14
French	49	34	35	37	79	81	70	385
Finnish	9	5	7	4	7	14	16	62
Greek	20	38	23	25	16	23	15	160
German	135	128	42	43	41	78	73	540
Hungarian	39	54	24	25	27	27	44	240
Hebrew	166	637	152	525	284	197	608	2,569
Icelandic	1	4	1	1	..	..	1	8
Irish	..	2	1	..	..	..	..	3
Italian	25	67	43	60	43	50	50	338
Jugo-Slav	13	22	29	40	41	26	16	187
Japanese	..	..	1	..	..	..	..	1
Latvian	..	2	..	..	2	1	2	7
Lithuanian	8	14	7	15	12	5	3	64
Maltese	..	..	..	5	..	..	..	5
Mexican	..	..	..	7	..	..	1	8
Norwegian	24	21	5	9	8	8	4	79
Polish	45	71	43	71	81	63	82	456
Portuguese	1	1	..	..	..	..	..	2
Russian	15	33	7	7	13	9	13	97
Roumanian	22	13	10	17	12	6	19	99
Swiss	18	18	13	10	11	17	20	107
Swedish	16	17	7	11	5	12	5	73
Spanish	9	5	5	..	6	3	3	31
Scotch	2	1	..	..	1	1	1	6
Syrian	29	29	8	29	12	14	14	135
Serbian	..	2	1	..	1	..	..	4
Ukrainian	..	..	..	23	25	21	26	95
Totals	746	1,357	520	1,059	819	759	1,242	6,502

ROYAL VISIT TO CANADA—COMMEMORATIVE COINAGE

Mr. GRAYDON:

1. Will the government have silver coins in dollar denominations struck to commemorate their majesty's visit to Canada this year?
2. If so, how many of such coins will be put into circulation?
3. When will the said issue be available?
4. What is the estimated net profit to the government from the said issue?

Mr. DUNNING:

1. Yes.
2. It is the intention to issue as many of these coins as the public demand may require, in so far as the facilities of the Royal Canadian Mint will permit.
3. At the time of the visit of Their Majesties' to Canada.
4. The net profit to the government from the said issue cannot be determined, as the number of coins which may be issued is not yet known.

CANADIAN NATIONAL RAILWAYS—HOTELS

Mr. CLARK (York-Sunbury):

1. What are the names and locations of the Canadian National hotels, and what was the cost of each, including furnishings?
2. What were the results of operation of each of the said hotels, giving net profit or loss for the last fiscal year?

Mr. HOWE:

1 and 2.

Name of hotel—Location	Total cost to Dec. 31, 1938 (incl. furnishings)	Net operating income Year 1938
Chateau Laurier—Ottawa, Ont.	$8,673,307 68	Profit $168,293 51
Prince Arthur—Port Arthur, Ont.	1,186,065 52	Profit 19,402 10
Fort Garry—Winnipeg, Man.	2,906,934 58	Loss 18,413 50
Prince Edward—Brandon, Man.	525,623 10	Loss 8,021 21
Macdonald—Edmonton, Alta.	2,271,967 36	Profit 26,338 25
Bessborough—Saskatoon, Sask.	3,567,459 62	Loss 24,456 59
Nova Scotian—Halifax, N.S.	2,448,464 30	Profit 14,549 59
Canadian National—Charlottetown, P.E.I.	857,579 45	Loss 3,367 36
Jasper Park Lodge—Jasper, Alta.	2,660,425 32	Profit 49,467 21
Minaki Lodge—Minaki, Ont.	1,094,079 24	Profit 1,890 73
Pictou Lodge—Pictou, N.S.	199,456 21	Profit 331 02

CANADIAN NATIONAL RAILWAYS—MONTREAL TERMINAL

Mr. STEVENS:

1. Were tenders called for by the Canadian National Railway Company for part of the new scheme for the completion of the project in Montreal?
2. Was the tender of E. G. M. Cape & Company accepted and at what figure?
3. Was the tender of E. G. M. Cape & Company the lowest tender?
4. What other firms tendered?
5. What were the figures of the tenders other than the one accepted?

Mr. HOWE:

1. Yes.
2. The tender of E. G. M. Cape and Company was accepted for a part of the work tendered for. It is not the policy of the management to disclose the amount of bids contained in tenders.
3. Yes, for the part accepted.
4. Jas. Bertrand, Frascarelli Construction Co., A. C. White Landscape Co. Ltd., H. J. O'Connell Limited, Angus Robertson Limited, D. Verochio Limited, Frank Lapan Limited, Duranceau & Duranceau, Chas. V. Billie, Marien-Wilson Limited, Rene Lafleur, A. F. Byers Co. Ltd., G. Archambault Limitee, Kennedy Construction Co. Ltd., Northern Construction Co. Ltd. and J. W. Stewart Ltd., N. Gentile, Atlas Construction Co. Ltd., E. G. M. Cape & Company, Anglin-Norcross Que., Ltd., L. G. Ogilvie & Co. Ltd., The Foundation Co. Que., Ltd., A. Janin & Co. Ltd., Dansereau Limitee, Concrete Construction Co. Ltd.
5. See answer to question No. 2.

BEAUHARNOIS POWER COMPANY

Mr. ROSS (St. Paul's):

Has the government received any requests either directly or through a subsidiary from the Beauharnois Power Company for per second foot water increase or other concessions which would mean a creation of more power?

Mr. HOWE: A request has been received and is being studied, but any action must be taken by introduction of a bill in parliament.

Mr. SPEAKER: Answered.

MILK PRICES IN MONTREAL

Mr. LACOMBE:

What average price was paid for milk: (a) per gallon; (b) per eight-gallon can, in the city of Montreal, to producers in spring, summer, fall and winter respectively, of the years 1933, 1934, 1935, 1936, 1937, and 1938?

Mr. EULER:

	*Milk, fresh, price paid to producers, delivered at railway station at Montreal (mid-month quotations)		
	per 100 lbs.	per gal.	per 8 gals.
1933—	$	$	$
January	1·600	·165	1·320
February	1·350	·139	1·112
September	1·500	·155	1·240
1934—			
January	1·500	·155	1·240
July	1·450	·149	1·192
September	1·850	·191	1·528
1935—			
January	1·850	·191	1·528
April	1·700	·175	1·400
June	1·445	·149	1·192
September	1·770	·182	1·456
1936—			
January	1·770	·182	1·456
June	1·445	·149	1·192
September	1·770	·182	1·456
November	2·095	·216	1·728
1937—			
January	2·095	·216	1·728
June	1·750	·180	1·440
September	2·200	·227	1·816
1938—			
January	2·200	·227	1·816
June	1·770	·182	1·416
September	2·150	·221	1·768
1939—			
January	2·150	·221	1·768

*Montreal firms quote price paid to producers per 100 pounds delivered at railway station at Montreal.

Column 1 shows month of price changes throughout the year.

In column 2 the bureau has calculated the price per gallon at 10·3 pounds.

In column 3 the bureau has calculated the price per 8 gallons.

YOUTH TRAINING IN SASKATCHEWAN

Mr. PERLEY:

1. How many are employed by the federal government in the training of youth in the province of Saskatchewan?

2. What are their names, home addresses, salaries and expenses?

Mr. ROGERS:

1 and 2. The administration of courses carried out under the Dominion Youth Training Agreement is the responsibility of the provincial authorities.

Mr. H. C. Bingham, of Moose Jaw, Saskatchewan, is the representative of the unemployment relief branch of the Department of Labour in that province, his salary being $200 per month and his duties to see that the terms of Dominion-Provincial agreements, including that respecting youth training, are carried out. Mr. Bingham has been paid $357.33 in respect to travelling expenses incurred by him during the fiscal year 1938-39 while engaged in the performance of his duties respecting the Dominion-Saskatchewan Youth Training Agreement.

Mrs. A. J. Currie, of Govan, Saskatchewan, formerly a member of the women's advisory committee of the National Employment Commission, has accepted the honorary post of dominion representative in Saskatchewan, acting in an advisory capacity to the dominion supervisor of youth training, in respect to women's courses. Mrs. Currie receives no remuneration for her services but she has been reimbursed for her out of pocket expenses while travelling in connection with youth training matters to the amount of $306.45 during the current fiscal year.

TRANS-CANADA AIR LINES—MALTON AIRPORT

Mr. GRAYDON:

1. Upon what date will the passenger service at the Malton airport be inaugurated by the Trans-Canada Air Lines?

2. At the date of such inauguration, will passengers be able to travel from coast to coast on the said Trans-Canada Air Lines, and, if not, when will the service be completed from Halifax to Vancouver?

Mr. HOWE:

1. April 1, 1939 has been tentatively set for the commencement of passenger operations, at the Malton airport.

2. Effective on above date, it is anticipated that passengers will be able to travel between Montreal and Vancouver. It is proposed that the service will be extended to Moncton during the summer of 1939, which point will be the eastern terminus of Trans-Canada Air Lines.

*ROYAL VISIT TO CANADA—SPECIAL DECORATION FOR MILITARY FORCES

Mr. LENNARD:

In view of the fact that a British reigning sovereign has never before been in Canada and in view of the approaching visit of their majesties this year, will the government consider the striking of a special decoration to be awarded to all members of the defence forces of Canada and all ex-service men in Canada?

Mr. MACKENZIE KING: This subject, like others relating to the visit of their majesties, is before the interdepartmental committee, and also before the government, for consideration.

Mr. SPEAKER: Answered.

*BROADCASTING OF SUMMARY OF PROCEEDINGS OF PARLIAMENT

Mr. CHURCH:

Will the government give consideration to having a summary of the main mere facts of the daily proceedings of parliament given over the public radio station CBO?

Mr. MACKENZIE KING: The government has been giving consideration to the suggestion of the hon. member, and will continue to do so.

Mr. SPEAKER: Answered.

Mr. CHURCH: In view of the fact that the Canadian daily press, since the advent and general use of the radio, do not report the plain facts in regard to what occurs in this house, with very few exceptions, would the Prime Minister consider doing something of this nature?

Mr. MACKENZIE KING: I have answered the question.

RELIEF OF SENIOR UNEMPLOYED

Mr. CHURCH:

Will any steps be taken by the Department of Labour to give some relief or have consultation with the provinces regarding the cases of thousands of senior citizens, industrial workers, and others out of work, who are in destitute circumstances, and who have not asked for relief, and who, because over 40 or of in middle age, are to-day refused work by some industries?

Mr. ROGERS: Agreements with the provinces provide for federal assistance to individuals in necessitous circumstances without restriction as to age or reason for being in need.

[Mr. Howe.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

ROYAL AIR FORCE—RECRUITING IN CANADA

Mr. CHURCH:

1. Was any request received during 1938 by the government of Canada, or any member thereof, from the government of Great Britain, for leave to seek recruits for the Royal Air Force in Canada?
2. If so, on what dates?
3. Will such correspondence or other documents be tabled along with Canada's replies to the same?
4. Was any assistance, in 1938, asked for or given to young Canadians seeking to go to England to enlist in the air force?
5. If so, what was the nature of such assistance, financial or otherwise towards the travelling or other expenses of those seeking to enlist?

PAYMENTS TO PROVINCES

Mr. HYNDMAN:

1. How much money was given to each province during each of the past three years?
2. How much was guaranteed to each province during the same years?

Mr. RINFRET: Return tabled.

OTTAWA PUBLIC WORKS

Mr. BARBER:

1. What public works have been completed in the city of Ottawa since October 23, 1935?
2. What was the cost of completing such public works?
3. What public works are now in the course of construction and erection in the city of Ottawa?
4. What is the estimated cost of completing such public works?

H. P. SUTHERLAND, GASPAR CHARTRAND, HORACE HALCROW, JOHN BACON, A. G. HALSTEAD

Mr. PERLEY:

1. Are the following: H. P. Sutherland, Gaspar Chartrand, Horace Halcrow, John Bacon and A. G. Halstead in the employ of the federal government, temporarily or permanently?
2. If so, what are their home addresses, their respective salaries, the date of their employment, and in what capacity are they severally employed?

TOURIST TRADE

Mr. LENNARD:

What progress has been made in furthering the tourist trade with the object of lessening unemployment?

Mr. RINFRET: Return tabled.

SILVER PRODUCTION AND SALES TO UNITED STATES GOVERNMENT

Mr. REID:

1. What was the total production of silver in Canada, by ounces, during the calendar years from 1933 to 1938 inclusive?

2. What was the total value in each of the said years of newly mined silver, and what was the market price per ounce?

3. Of the total production of newly mined silver, what annual amounts were purchased by the government of the United States during the calendar years from 1933 to 1938 inclusive?

4. What were the total amounts paid during each of the said years by the United States for all newly mined silver?

5. Have any representations been made by the government of the United States that all future purchases of newly mined silver will be paid for by goods manufactured or produced in the United States?

CANADIAN NATIONAL RAILWAYS—OPERATING STATISTICS

Mr. VIEN:

1. What were the gross earnings, operating expenses and fixed charges of the Canadian National Railways and subsidiaries, including Canadian government railways, for each year from 1920 to 1938, giving surplus or deficit for each year?

2. What was the operating ratio, year by year, during the same period?

3. What were the gross earnings, operating expenses and fixed charges of the Canadian Pacific Railway Company for each year from 1920 to 1938, giving surplus or deficit, for each year?

4. What was the operating ratio, year by year, during the same period?

MONTREAL POST OFFICE—TEMPORARY CHRISTMAS EMPLOYEES

Mr. WERMENLINGER:

1. How many temporary employees were engaged by the Post Office Department during the 1938 Christmas season in the district of Montreal?

2. How many of these employees lived: (a) in Montreal city proper; (b) outside the limits of Montreal; (c) in Verdun city?

3. How many of such employees, in each of the above locations, were returned soldiers, and how many were students?

4. What were the minimum days and maximum days paid to these temporary employees?

5. What was the schedule of wages (minimum and maximum) paid to these employees?

ROWELL COMMISSION—REQUIREMENTS AS TO REPORTS OF ROYAL COMMISSIONS

Mr. CHURCH:

1. On what date was the Rowell commission appointed, and for what purpose?

2. What has been the total cost to January 1, 1939?

3. Have any interim reports been received? If so, will they be tabled?

4. When will the final report be received?

5. Will the government consider amending the Public Enquiries Act to provide that all commissions appointed under it shall report within ten days of the meeting of parliament?

TRADE AGREEMENTS

CANADA-UNITED STATES—POLICY RESPECTING RECIPROCAL AGREEMENTS WITH OTHER COUNTRIES

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Yesterday the Prime Minister (Mr. Mackenzie King) went to considerable pains to state that the domestic policies of any country would not preclude trade with Canada. That is reported in this morning's *Gazette* under this heading:

No Curb on War Exports to Japan is Intimated by King in Commons.

The article goes on say that the statement of the Prime Minister—

—may be regarded as a final answer to those in parliament who are demanding an embargo on the export of essential war materials to Japan.

Does this properly interpret the Prime Minister's statement?

Right Hon. W. L. MACKENZIE KING (Prime Minister): What I said yesterday appears in *Hansard*. From what my hon. friend has read I should think the report to which he has just referred conveys an impression diametrically the opposite to what I said. I was speaking, of course, about the negotiation of trade agreements.

FISHING INDUSTRY

LOSS OF LOBSTER TRAPS AT DEVIL'S ISLAND, HALIFAX HARBOUR

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): The other day we had a debate in regard to assistance to the lobster fishermen in the maritimes, and I believe the house was unanimous in agreeing that something should be done. I have received the following telegram, having to do with the same general situation, which I have been asked to bring to the attention of the Minister of Fisheries (Mr. Michaud). It is as follows:

Heavy gale swept coast last night. Lobster fishermen at Devil's Island entrance Halifax harbour lost two hundred traps. No report of damage along the coast as most of gear destroyed in previous gales.

Then it continues:

No action taken so far to replace lost gear. Cannot something be done?

Perhaps the minister would give us some statement in regard to what has been done, following the discussion we had the other day.

Hon. J. E. MICHAUD (Minister of Fisheries): Negotiations are still proceeding with the government of Nova Scotia with a view to helping these fishermen.

ROYAL VISIT TO CANADA

REPORTED INVESTIGATIONS BY MOUNTED POLICE RESPECTING PAST CANDIDATES FOR PUBLIC OFFICES

On the orders of the day:

Right Hon. ERNEST LAPOINTE (Minister of Justice): The day before yesterday the hon. member for Winnipeg North Centre (Mr. Woodsworth) read an item which had appeared in the Ottawa *Journal* to the effect that members of the Royal Canadian Mounted Police were busy in various parts of the country which are to be visited next spring by the king and queen, checking on the activities of people who have been candidates for public office and who have expressed certain radical views. I do not know where the *Journal* secured that information, but I must tell my hon. friend that it is absolutely wrong.

REFERENCES TO THE KING IN CERTAIN UNITED STATES PERIODICALS

On the orders of the day:

Hon. N. A. McLARTY (Postmaster General): I should like to answer a question asked by the hon. member for Broadview (Mr. Church) on Tuesday last, as reported at page 919 of *Hansard,* having to do with an article published in the February issue of *Scribner's* magazine. The hon. member was kind enough to send me a copy of the article. I have read it over and I agree that it is an extremely flippant article, and in bad taste. This magazine is published in New York city. So far as the Post Office Department is concerned, at one time this magazine did have what is known as the mailing in Canada privilege. It does not enjoy that privilege to-day, which would indicate that it would have to come into Canada by either freight or express. In either event it would not be the duty of the Post Office Department but rather the duty of the Department of National Revenue to check up on any impropriety in the article, and I have brought the matter to the attention of my colleague the Minister of National Revenue (Mr. Ilsley).

Mr. T. L. CHURCH (Broadview): I should like to ask a further question on this point. What does the Postmaster General propose to do about the Canadian press which have carried the same article in a dispatch from London, England, which circulated through the mails of Canada?

[Mr. Manion.]

Mr. McLARTY: While I am taking the matter into consideration, I doubt if under the definition given in the criminal code the article could be deemed to be seditious. If it is not, I think it will be impossible for the Post Office Department to do anything. I should like, however, to give the matter further consideration.

BREN MACHINE GUN CONTRACT

COST OF INQUIRY—ACCOUNT OF L. A. FORSYTH, K.C., ASSISTANT GOVERNMENT COUNSEL

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Perhaps the Minister of Justice (Mr. Lapointe) could give an answer to the question I directed to him a couple of days ago in regard to an account for legal fees amounting to $10,000 reported to have been put in by a gentleman connected with the Bren gun inquiry.

Right Hon. ERNEST LAPOINTE (Minister of Justice): The matter has not been disposed of or adjusted; it is engaging the attention of the department at the present time. As soon as information is available it will be given.

Mr. MANION: The question was whether the account had been received, not whether it had been paid. Did this lawyer put in this account?

Mr. LAPOINTE (Quebec East): Even that is entirely departmental business. As a matter of fact an account has been received, but I do not think I am bound to give the information. The matter is before the department and is confidential until it is adjusted, when the information will be given.

Mr. MANION: But parliament has a right to know some of these things, too.

Mr. LAPOINTE (Quebec East): No, it is purely a matter of administration. I have to make a decision myself before acquainting parliament with it.

VALIDITY OF ALBERTA STATUTE

INQUIRY AS TO DISALLOWANCE OF PROVINCIAL MEASURE RESPECTING MORTGAGES

On the orders of the day:

Hon. J. E. LAWSON (York South): In reply to a question asked last session the Minister of Justice (Mr. Lapointe) advised the house that the government was taking into consideration the disallowance of an act passed in Alberta under which, unless a creditor and debtor rearranged their mortgage by agreement, the mortgage would be void. I believe

the time for disallowance expires in April of this year. Would the minister be good enough to advise the house whether a decision has been arrived at; if not, will the government arrive at a decision and will the minister advise the house before the expiration of the period within which this measure may be disallowed?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I do not know whether a little bird has whispered to my hon. friend, but the matter is engaging my attention at the present time and I think I shall be able to give my hon. friend the information some time this week.

Mr. LAWSON: I can assure the minister that it was just premonition.

SPANISH CIVIL WAR

COST OF RETURN TO CANADA OF CANADIANS WHO SERVED WITH NATIONALIST GOVERNMENT FORCES

On the orders of the day:

Mr. H. R. FLEMING (Humboldt): I should like to ask if the government of Canada has paid the transportation or any other expenses of Canadians who fought with the army of the nationalist government of Spain, from the area of war to their homes in Canada.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The answer is no.

CANADIAN NATIONAL RAILWAYS

MONTREAL TERMINAL—REFERENCE TO ANSWER GIVEN THIS DAY TO QUESTION ON ORDER PAPER

On the orders of the day.

Hon. H. H. STEVENS (Kootenay East): An answer was given to-day to a question placed on the order paper, and according to the rules I think it is pertinent for me to comment on what I might call the incompleteness of the answer. I think I am justified in making a complaint. Let me read the question and answer complained of:

Was the tender of E. G. M. Cape and Company accepted and at what figure?

The answer was:

The tender of E. G. M. Cape and Company was accepted for a part of the work tendered for.

The remainder of the answer is what I complain about:

It is not the policy of the management to disclose the amount of bids contained in tenders.

This was an accepted tender, and it seems to me I am entitled to an answer to the question: At what figure was the tender accepted? In justice to the house as a whole, and the rights of its members, I protest that this answer is incomplete, and that the question is a proper one within the rules of the house.

Hon. C. D. HOWE (Minister of Transport): I may say that I have followed the practice, which I think has been in vogue for many years, that of referring questions concerning the operation of the Canadian National railways to the railway management and filing in this house such information as is received from the management. I may point out to my hon. friend that the officers of the railway appear before the railway committee each year, and are then prepared to answer questions of this kind.

Mr. STEVENS: Once again, on a question of the privilege of the house, I think it ought to be made perfectly clear to the minister that if reasonable information is not given in the way I have suggested, it forces those of us who are seeking that information, when the committee is appointed or on the estimates, to enter into a more or less controversial discussion or attack in order to extract the information. I do not wish to do that. I am asking for simple plain information that can be easily given. I think it is in the interests not only of the government but also of the railway management itself that proper questions should be answered in a frank and open way. Otherwise it gives rise to the suspicion or the suggestion that there is something they wish to hide. I am not saying that is so in this case, but I do say it tends to create suspicion and to promote a controversial attitude towards the railways which I think is unfortunate, and which I should regret to be forced into taking.

BARTER IN TRADE

EXCHANGE OF GOODS BETWEEN UNITED STATES AND GERMANY—APPLICATION OF PRINCIPLE TO CANADA

On the orders of the day:

Mr. J. FRED JOHNSTON (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of National Revenue (Mr. Ilsley) based on the Associated Press dispatch from Washington under date of February 13, and published in the Ottawa *Journal* on the evening of February 14. In brief the article states that Germans are offering to exchange farm machinery and certain other commodities

for 50,000 tons of wheat and several thousand tons of lard, the value of which would exceed $30,000,000.

It is also indicated in the dispatch that Secretary of State Hull told a press conference last week that he did not object to pure barter, provided it did not interfere with his trade agreements and provided it was not complicated by artificial currency devices. My question is this: Do Canadian regulations permit of such an exchange of commodities?

Hon. J. L. ILSLEY (Minister of National Revenue): Yes, it is. There is no prohibition against the importation of farm machinery from Germany to Canada, and there is nothing to prevent, so far as our regulations are concerned, the exportation of similar products to Germany. It is a matter of arrangement between the importing and exporting interests of the respective countries.

GERMAN ALLEGIANCE

DIPLOMATIC ASPECTS OF APPEAL TO CANADIAN CITIZENS FOR RELIEF ASSISTANCE

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, is the government prepared to make a statement now with regard to the circular issued by the German consulate at Vancouver and with regard to which I directed a question to the ministry a few days ago?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not in a position to give my hon. friend a reply at the moment. I have made some communications concerning the matter, to which I have not as yet received replies.

TARIFF BOARD

INQUIRY AFFECTING RADIO INDUSTRY—REPORT ON RADIO TUBES

On the orders of the day:

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, when may we expect a report on the inquiry into radio tubes?

Hon. CHARLES A. DUNNING (Minister of Finance): I presume the hon. member is referring to the inquiry by the tariff board. I am expecting the report some time during the session, but I cannot say exactly when.

Mr. SPENCE: It is coming up in a week or two.

[Mr. Dunning.]

LOAN OF $750,000,000

TO MEET LOANS OR OBLIGATIONS, TO PURCHASE UNMATURED SECURITIES, AND FOR GENERAL PURPOSES

The house resumed from Friday, February 10, consideration in committee of the following proposed resolution—Mr. Dunning—Mr. Sanderson in the chair:

That the governor in council be authorized to raise by way of loan under the Consolidated Revenue and Audit Act, 1931, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Chairman, I believe the hon. member for Calgary East (Mr. Landeryou) had the floor.

Mr. LANDERYOU: I should like to ask the Minister of Finance a question. Would the carrying out of the financial operations indicated by this resolution result in a reduction or an increase in Canada's national debt?

Mr. DUNNING: That is a difficult question to answer. It depends on the extent to which this house votes money for expenditures which, during the period covered, cannot be met out of the current revenues of the country. To that extent the debt of the country may be increased. With regard to the refunding operations, with which the bill is mainly designed to deal, no increase in public debt will be involved.

Mr. LANDERYOU: Does the government intend to set aside any reserve to retire this debt within a period of twenty years?

Mr. DUNNING: I believe I have indicated on a number of occasions my own belief that a sinking fund policy is a desirable one for Canada, and that as soon as the finances of the country reach such a condition that an annual provision for sinking fund against the national debt can be instituted, I personally would favour such a course. I do not think it would be a good thing to get into the position in which other countries having definite sinking fund provisions have found themselves during the past few years. For instance, in Great Britain it has been all too common in recent years for the chancellor of the exchequer, on account of prevailing conditions, to be compelled to ask in his budget for the suspension of the sinking

fund provisions for the current year. In the present state of dominion government revenues and expenditures in Canada, it is fairly evident that we should be likely to reach that position if we had in effect a definite sinking fund provision with respect to the whole of our debt.

Mr. LANDERYOU: I have raised that question because I understood that in sound financing it was a cardinal principle that money be set aside in a sinking fund to take care of debt.

Mr. DUNNING: In principle I agree.

Mr. LANDERYOU: In one of the resolutions I notice it is the intention of the government to provide a sinking fund to retire in ten years the sums borrowed for capital expenditures in the Department of National Defence. I had hoped the government would possibly set aside a sinking fund to provide for the retirement of this $750,000,000.

Mr. DUNNING: We are making a beginning on the principle in the manner the hon. member has indicated.

Mr. LANDERYOU: I am pleased to note that. Section 91 of the British North America Act reads, in part, as follows:

4. The borrowing of money on the public credit.

Would the minister explain just what we mean by "public credit"?

Mr. DUNNING: When the government of Canada borrows money it pledges the word of the people of Canada, as represented by their duly constituted government, to repay the amount borrowed. The public credit of Canada therefore consists of the obligation which I have just stated, authorized by this parliament.

Mr. LANDERYOU: Could the minister tell the committee just what stands behind the bonds and securities issued against the public credit? Is it just the word of the dominion, or what is it?

Mr. DUNNING: In the last analysis, the good faith of the people of Canada, their willingness as a people to honour their given word.

Mr. LANDERYOU: Would it be fair to say that the natural resources of Canada stand behind the bonds and securities issued by this government?

Mr. DUNNING: That is a highly theoretical question. No securities issued by this dominion constitute a mortgage upon any of the business assets of the dominion. What is given is the word of the people to pay. As I understand it, it is the word of the people that stands behind the bonded obligations of this country.

Mr. LANDERYOU: I am glad to know that it is just the word of the people to pay. At the moment would the minister consider amending the act to provide a sinking fund?

Mr. DUNNING: I have already dealt with that.

Mr. CHURCH: I should like to ask a question founded on the last five words in the resolution, "public works and general purposes." Will the financing of the new station at Montreal be charged up to this program, or will it be charged to income?

Mr. DUNNING: In so far as any Canadian National expenditure is an expenditure by the railway, it will of course be chargeable to the railway and not to this legislation. To the extent to which any part of the work may be a relief project, and therefore chargeable against the general revenues of the country, it would be charged here to the extent to which it may be necessary to borrow to meet that or other obligations.

Mr. CHURCH: The latter part of the resolution reads:

—for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada.

Some of these have been sold privately and many investors have suffered losses of from one to three thousand dollars because of bond payments having to be made in Canadian funds. Will any consideration be given in the new financing to regulate or prevent in the future such losses by reason of exchange differences between New York and Canada?

Mr. DUNNING: I think my hon. friend misunderstands the intent of the words in the resolution to which he has referred. They enable the government to take advantage of the call privilege where it exists in bonds now outstanding. We have a number of issues of bonds in connection with which the government has the right to call after a certain date and at a certain price. That is why those words are in the resolution.

With respect to the question as to losses because of exchange movements, let me say to my hon. friend that any person who buys a bond of the Dominion of Canada can depend upon that bond being paid to him in the terms of the currency called for by the bond itself. That is to say, if a person is the owner of a bond of the Dominion of Canada which is payable in lawful money of the United States,

it will be paid in that money regardless of what the rate of exchange may be. If he holds a bond payable in sterling in London, England, he will receive payment in the currency called for by the bond. Similarly, if he is entitled to Canadian funds, that is exactly what he will get.

Mr. STEVENS: Sometimes it is optional.

Mr. DUNNING: Yes, there are some bonds that are optional. Certain bonds guarantee payment in terms of United States or sterling currency. I am strongly opposed to issuing that kind of bond, and I do not think it is likely that any more will be issued. The volume of these bonds is being reduced gradually by maturities and by call, but in such cases the Canadian government, in accordance with the terms of the bond, must pay the holder thereof in the currency he chooses to receive. He has the option of being paid in either one of two currencies.

Mr. ROSS (St. Paul's): This resolution says, "and for public works and general purposes." Can the minister tell us how much of this money is to be used for public works and general purposes?

Mr. DUNNING: I shall try that again. This is not a spending authority, this is a borrowing authority. The extent to which this will be used to cover expenditures will be determined, not by this legislation but by the amounts voted from time to time by this house in relation to the total revenues received by the dominion. If this house votes an aggregate sum of money going beyond the total revenues of the dominion, then the balance must be borrowed. Similarly, certain expenditures are stated in the estimates to be capital expenditures, against which money is borrowed. It is intended to give to the Department of Finance authority to borrow such moneys as this house from time to time determines shall be raised for the purposes indicated.

Mr. ROSS (St. Paul's): Should not parliament be told how much money is to be spent on public works and for other purposes before this measure is passed? There does not seem to me to be any great rush about giving the government power to borrow this money before parliament knows for what it is to be borrowed. I am heartily in accord with the principle of borrowing money for refunding and such purposes, but before we give authority for the borrowing we have a right to know for what purpose the money is being borrowed, especially in the light of conditions as we have them to-day, with the terrible taxes and tremendous debt facing this country.

[Mr. Dunning.]

Mr. STEVENS: I indicated some days ago that I would ask the minister to be good enough to break down this resolution and give us certain information, which would include the information asked for by my hon. friend. If the committee will permit I should like to ask the minister to reply to three or four questions I shall ask along that line.

The resolution states that this money is for paying or redeeming the whole or any portion of loans or obligations of Canada. Will the minister state what loans or obligations are covered by that particular part of the resolution? I have before me the public accounts, which as near as I can judge show that something in the neighbourhood of $425,000,000 will mature in 1939 and 1940. I understand that this resolution is intended to cover 1940. I should like the minister to give us a list of the maturing obligations which it is intended to retire by this resolution. I shall then follow up with one or two other questions.

Mr. DUNNING: I gave the total the other day, but my hon. friend wants the details. If the committee will remember, I made a division between those which are definitely maturing and those which are callable. I want it to be understood distinctly that with respect to those which are callable, it is a question of merely being in a position to call should it be plain that by so doing money can be saved to the treasury of the dominion.

In giving this information, I shall give only round figures. There is an issue of $137,000,000 of 3½ per cent bonds, which are callable in London on six months' notice on June 1, 1939. There is another issue of $20,000,000 of one per cent bonds, payable in Canada, due on June 1, 1939. Then on July 1 we have 4 per cents due in Canada to the extent of $33,000,000. On October 15 we have 4 per cents due in Canada to the extent of $47,000,000. On October 15 we have 2½ per cent bonds due in Canada to an extent of just short of $8,000,000. On November 15 we we have 2 per cents due in Canada to the extent of $20,000,000. On March 1, 1940, we have 3 per cents maturing and payable in Canada to the extent of $115,000,000. On June 1 we have 1½ per cents payable in Canada to the extent of $80,000,000. On September 1 we have 4½ per cents payable in Canada to the extent of $75,000,000. Also, in London our call privilege with respect to $93,000,000, just about $94,000,000, of 4 per cents, becomes exercisable on October 1. The total of all those is $649,000,000.

Mr. STEVENS: And the callable amounts to $230,000,000.

Mr. DUNNING: That is right.

Mr. STEVENS: Leaving about $420,000,000.

Mr. DUNNING: About that, except that there are $155,000,000 of treasury bills.

Mr. STEVENS: $155,000,000 of treasury bills; and the $420,000,000 must be met.

Mr. DUNNING: Right.

Mr. STEVENS: And the $155,000,000 must be met.

Mr. DUNNING: I should point out, to make sure that my hon. friend has correct information, that under the appropriation acts the treasury bills are renewable, but if they are funded, or any portion of them, it must be done under this authority.

Mr. STEVENS: I was just going to ask the minister to make that perfectly clear. The treasury bills may be renewed?

Mr. DUNNING: Yes.

Mr. STEVENS: And if they are renewed, is the renewal subtracted from the $750,000,000 for which authority is being asked here?

Mr. DUNNING: Only in case they are funded.

Mr. STEVENS: Otherwise not?

Mr. DUNNING: Otherwise not. The appropriation act covers treasury bills—short-term three months bills—which is what we use, but if they are ever funded it must be under this authority.

Mr. STEVENS: But it is not the general practice to fund them at the present time?

Mr. DUNNING: Not at present.

Mr. STEVENS: In the last year there has been a steady increase in the issue of treasury bills, and I personally approve of the use of them.

Mr. DUNNING: I have used them more in the last two years.

Mr. STEVENS: I agree with that method of financing. The point I wish to make, however, is this: If you take all the treasury bills and all the maturing loans, it accounts for $575,000,000, which leaves $175,000,000 of free money; that is $175,000,000 in respect of which authority will be given to the minister. He may use that in part for taking up callable loans.

Mr. DUNNING: I may use it all for that.

Mr. STEVENS: In this resolution we have what the hon. member for Broadview (Mr. Church) referred to a moment ago, namely, authority in respect of "public works and general purposes." What proportion of this $750,000,000 is to be devoted to public works and general purposes?

Mr. DUNNING: My hon. friend has had experience as a minister of the crown, and I am sure he knows well the answer to his own question.

Mr. STEVENS: I do, pretty well.

Mr. DUNNING: He knows that this is not a spending authority but a borrowing authority. He knows, moreover, that every government periodically, as and when its authority already existing expired, had to come back to parliament to get further borrowing authority, which had nothing whatever to do with the government's spending authority, the latter being derived from the appropriation acts based upon what this parliament votes every session for expenditure. My hon. friend knows that I cannot possibly tell him the answer to his question. No one ever could, and in my experience this is the first time that an effort has been made to involve the question of the general borrowing authority with that of the spending authority, which is otherwise provided for by this parliament. I am sure my hon. friend knows that there is no means of answering his question.

Mr. STEVENS: I will tell the minister just why I am exhibiting this high degree of ignorance.

Mr. DUNNING: Which he doubts.

Mr. STEVENS: He is quite correct in saying that I understand it quite fully. Perhaps I understand it a little more clearly than I ought to, for the convenience of the minister.

Mr. DUNNING: That is impossible.

Mr. STEVENS: Will the minister tell us what proportion of the amounts in previous appropriation acts is still available?

Mr. DUNNING: About $36,000,000 as at February 1.

Mr. STEVENS: That is not very much.

Mr. DUNNING: No.

Mr. STEVENS: It does not materially affect the situation. I appreciate what the minister has said, and he is quite correct in his statement that this is an authorization to borrow. But if this borrowing power is not granted, obviously the government cannot go ahead with appropriations without knowing that the minister has authority to cover any expenditures that are made. That is, I think, correct.

Mr. DUNNING: There is no easier way of tying up the business of the country that I know of.

Mr. STEVENS: I am informed, and I think I am not very far out, that the government has in preparation a large public works program amounting to something in the neighbourhood of $100,000,000. I understand that the amount at present before the government is some $112,000,000.

Mr. DUNNING: How does my hon. friend know?

Mr. STEVENS: I have made a shrewd guess at it, and the minister knows I am not very far out.

Mr. DUNNING: It is wholly imaginary.

Mr. STEVENS: We will let that pass. It is true that the minister, as the watch dog of the treasury, will probably sift that down considerably, but what I am concerned about is this: If we give the minister this authority to borrow for public works and general purposes, and he has there a sum amounting to about $175,000,000 which may be used for those purposes, I think we are entitled to know what the special supplementary estimates are going to be before the bill founded on this resolution is passed—either that or the minister should state clearly what proportion of this amount will be used for these purposes. The minister, of course is in an advantageous position. He can laugh at me; he can make light of it, because perhaps a month or two will pass before these very luscious supplementary estimates are brought down. But I have been here long enough to know that in a session preceding an anticipated election, usually a very fine, fat, supplementary public works estimate is brought down. I am not particularly objecting to that provided that the public works estimates this year are directed towards the relief of unemployment. What I do and shall object to is the voting of huge sums of money to be distributed among the constituencies of Canada in a manner best calculated to bring the greatest possible influence to bear upon the electorate in favour of the government. That is what I object to, and that is why I think we are entitled to a clear statement as to what proportion of this authorization will be available for those purposes. The minister is very fair and very courteous, and I compliment him in that regard. But all we know is that the $575,000,000 is clearly provided for, except that of the $155,000,000 of treasury bills, I imagine that at least $100,000,000 will be renewed.

Mr. DUNNING: It depends on the circumstances.

Mr. STEVENS: Yes, but from my experience I would say that at least $100,000,000 will be renewed, which means that only $475,000,000 out of this $750,000,000 is actually allocated. That is giving a wide authority to the minister, putting him in a pretty secure position to carry out any appropriation which the government may choose to bring down.

Mr. DUNNING: Any appropriation which parliament passes.

Mr. STEVENS: Well, with 175-odd members behind the government—

Mr. EULER: They aren't so "odd."

Mr. STEVENS: —obviously interested in patronage, it is pretty well assured to the government that they will pass anything that is brought down—with the old back-slapping, log-rolling processes which are so well known to this and other parliaments. I do not specify any particular party, but at the moment it happens to be the Liberal party; and I know, and the minister knows, that if they bring down a supplementary estimate it will go through exactly as it comes down. It is a rare thing to have it changed; and with the anxiety of the supporters of the government for a share of this large public works appropriation, there is no question about what is going to be done. Parliament—and I include hon. gentlemen sitting on this side—is merely a cipher as far as the passing of that appropriation is concerned. They will have no more influence on it than the young people down in the Lisgar high school, and the minister knows it.

Mr. DUNNING: No, I cannot confirm that.

Mr. STEVENS: Well, the minister would not confirm it.

Mr. DUNNING: I wish I could.

Mr. STEVENS: He knows it is true.

Mr. DUNNING: No.

Mr. STEVENS: Well, I may talk and my hon. friends may talk for a few weeks.

Mr. DUNNING: But my hon. friend said, "members."

Mr. STEVENS: Certainly—members. I say that hon. members on this side of the house will exercise no more influence on the supplementary estimates when they come down than the high school pupils at the Lisgar school.

Mr. DUNNING: Well, I have yet to meet a member of the house on the other side who did not want some money spent. They are all demanding it.

Mr. HEAPS: "All"?

Mr. DUNNING: Yes—the hon. member as well.

Mr. HEAPS: No.

The CHAIRMAN: Order.

Mr. STEVENS: It happens that I am referring to the 175 supporters of the government in the house. However, that does not alter my opinion that we are entitled this afternoon to a definite statement as to what proportion of this huge sum of $750,000,000 may reasonably be expected to be used for the purposes I have mentioned. Further, I think the minister ought to give the committee the assurance that it will not go beyond a certain figure, because we are asked to vote a very large sum. The hon. member for Calgary East (Mr. Landeryou), I think it was, a few moments ago asked whether the passing of this motion would increase or decrease the public debt. The minister knows perfectly well that it will substantially increase the public debt.

Mr. DUNNING: I am not prepared to say that.

Mr. STEVENS: The minister may not admit it.

Mr. DUNNING: I gave the answer.

Mr. STEVENS: I know. But I can take these figures again and go over them. If it is agreed that all the $155,000,000 of treasury bills are to be paid—which they are not; if it is agreed that the $230,000,000 of callable loans are to be bought in, then you have the answer. But I say,—and I want it on record, because unquestionably there will be a review of this some other time, whether I am here or not,—that a comparatively small proportion of the $230,000,000 is likely to be called, and a very substantial proportion of the $155,000,000 will be renewed and will not affect this appropriation at all. We know only of about $475,000,000 that is actually needed for this appropriation; the balance of it might all come—taking the extreme view—under the last few words, "public works and general purposes."

Mr. DUNNING: And it would not authorize the spending of a dollar.

Mr. STEVENS: No, no. The minister is always clear and I need not clarify what he says, but let me analyse a bit that repeated excuse. Of course parliament has to make the appropriations.

Mr. DUNNING: Yes.

Mr. STEVENS: I have already pointed out, what every hon. member knows, that the estimates I hold in my hand, covering some hundreds of items, will pass, as to every last one of those items. Why? Because this is a government measure. I will venture to say, from my experience of twenty-eight years in this house, that during that period estimates have not been changed more than half a dozen times. I doubt if it is half a dozen. I remember a few, but very few occasions, and then it was only by way of changing the wording of the estimate. I think I can recall two such cases.

Mr. DUNNING: I have moved more than once to reduce.

Mr. STEVENS: I know, but it did not pass.

Mr. DUNNING: Yes.

Mr. STEVENS: Oh, yes—corrections or adjustments, voluntarily made by the government. But very seldom are there changes. And when the government's supplementary estimates come down it will be towards the end of the session, when the heat comes on, when we are all anxious to go, when the ranks are very thin, when the committees are sitting, and there is a bare quorum in this chamber.

Mr. DUNNING: Right now I will give my hon. friend the assurance that the supplementaries will not be delayed that long.

Mr. STEVENS: I am very glad to hear that, but I should like to see them down before this resolution passes, so that we can have a look at them. However, I repeat that when that supplementary comes down it will pass as a matter of course.

The minister talks about appropriations. Of course these appropriations are made by parliament; but, as I said a moment ago, they are made by the government, supported by their followers in the house, and they pass as a matter of course.

Mr. LANDERYOU: May I ask the hon. member for Kootenay East if he is in favour of the method proposed by the resolution of raising this $750,000,000?

Mr. STEVENS: Well, the method is not disclosed, but I will say this—

Mr. LANDERYOU: The resolution reads, "by way of loan"—borrowing.

Mr. STEVENS: Quite so. That part of the matter has not been under discussion, but I am quite willing to discuss it. I think that

the major portion of it will have to be raised in what is known as the orthodox method, the method which has been followed throughout the years; that is, by the government issuing securities, either short term securities in the way of treasury bills or longer term securities sold on the market in the usual way. Personally I have long held the view that we should make more use of the method of raising money by way of treasury bills.

Mr. DUNNING: We have gone further in that direction than any other government ever went.

Mr. STEVENS: Yes. Up to about a year ago there were only about thirty or forty million dollars of treasury bills, and now there are outstanding about $160,000,000 of treasury bills. But ever since the war the British government have had outstanding in treasury bills upwards of £800,000,000, and sometimes it has gone over £900,000,000. That money is raised at from half of one per cent to about one per cent. I doubt whether the British government during that time has paid more than one per cent on treasury bills. The minister is paying now, I think, somewhere around three-quarters of one per cent.

Mr. DUNNING: Two-thirds of one per cent.

Mr. STEVENS: If I were in the minister's place I would increase the financing of this country by treasury bills. That is one thing. And I would go further. If the minister accepted my advice he would endeavour in this period of stress, provided he had a policy that would tend to the permanent relief of this unemployment question—which the government now have not—

An hon. MEMBER: They have.

Mr. STEVENS: Oh, no; not by a long way. They have no permanent policy; they have a policy of palliatives, that is all.

Mr. GOLDING: Is there such a thing as a permanent policy in any country in the world?

Mr. STEVENS: If the hon. member has in mind a sort of eternal policy I would not say there is; I do not pretend to say that. But coming to something more than mere palliatives, I think measures can be adopted which might be termed permanent. If they had a policy—leaving out the word permanent—to deal with the unemployment question, then I would not hesitate to enlarge the currency in the hands of the public, and that can be done without any inflation. The Minister of National Defence (Mr. Mackenzie), a colleague of my hon. friend the Minister of Finance (Mr. Dunning), named a figure to which he said he would go, which I would not at the moment name as my figure. He is about four times more generous, more optimistic, more wild than I am. One need only read the pledges of the Minister of National Defence before the last election.

Mr. MACKENZIE (Vancouver): I may tell my hon. friend that my figures were founded on the scientific currency basis adopted at the world conference of 1933.

Mr. STEVENS: Splendid; and my hon. friend was right. But I would not go quite as fast or as far as he, prior to the election, pledged himself to go.

Mr. DUNNING: But my hon. friend would not agree with him at all when he proposed it.

Mr. MACKENZIE (Vancouver): No, in justice to my hon. friend I think at the conference of 1932 he proposed a resolution on the same basis, subsequently adopted in 1933. Is not that correct?

Mr. STEVENS: No, not quite. The resolution adopted in the conference in 1932 was that there should be an easy money policy.

Mr. MACKENZIE (Vancouver): I thought the basis was twenty-five per cent.

Mr. STEVENS: No, that was laid down at the international conference in 1933. On that basis we have a wide margin. I am not suggesting that we go that far. I do suggest however that we should go a measurable distance towards it, because as I pointed out the other day we have in the hands of the public in Canada only about half as much circulating media per capita as they have in such countries as Great Britain, the United States and Australia.

Mr. DUNNING: Will my friend permit me to say that his information regarding that is slightly in error. I shall deal with it later.

Mr. STEVENS: All I can say is that four years ago I took a great deal of time and trouble, with the assistance of the bureau of statistics, in working that matter out. Last spring I verified my figures and brought them down to date. If they are brought down to the present day there may be some slight variation—

Mr. DUNNING: Quite a big difference in one case.

Mr. STEVENS: —because in the United States there has been inflation of a kind during the last year. But taking it as about a year ago, my figures are accurate, because

they are based upon a very careful computation by experts and authorities. But answering my hon. friend's question, I would use that measure to a certain extent. I would not use it recklessly; I would not suggest that we should go in for inflation at all. But keeping well within the bounds of orthodox financing as laid down by the international conference, as laid down by orthodox financing in London, New York and Australia, using those three countries as a comparison, I would certainly use some of our powers in that regard in Canada.

Mr. DUNNING: My hon. friend is very cautious.

Mr. STEVENS: I am glad the minister thinks so.

Mr. DUNNING: He is going to try to satisfy everyone with that.

Mr. STEVENS: No, the minister cannot suggest that.

Mr. LANDERYOU: I should like to ask the hon. member a question on this point. Would he be prepared to go so far as to have our financial system accurately reflect our real ability to produce goods and services in this country?

Mr. STEVENS: My hon. friend knows that I should very gladly answer any question that it is within my power to answer, but he knows also that to start on that question would take an hour's explanation and analysis.

Mr. LANDERYOU: I just wanted to determine the bounds the hon. member would lay down.

Mr. STEVENS: I would keep within reasonable bounds.

Mr. LANDERYOU: What does the hon. member mean by reasonable bounds?

Mr. STEVENS: I think I would be somewhere between the wild optimism of the Minister of National Defence and the reactionary position of the Minister of Finance. And I think I would be in a pretty safe position.

Mr. HEAPS: Safe, between the two of them?

Mr. DUNNING: There is room for you here.

Mr. MACKENZIE (Vancouver): You had better come over.

Mr. STEVENS: No, but I have an idea that if the Minister of National Defence were in his right place in keeping with his financial policy he would be along with our friends to the left, the social crediters, and the Minister of Finance would be sitting here.

Mr. DUNNING: No, never.

Mr. STEVENS: Yes. For an old country Gladstonian Liberal, of the Walter Scott Liberalism of Saskatchewan—

Mr. DUNNING: First class Liberalism, too.

Mr. STEVENS: —the Minister of Finance could not be recognized to-day for what he was in those grand days.

Mr. DUNNING: I could quote Gladstone by the yard in support of exactly what I am doing in the matter of financial policy. And he was the greatest finance minister the British empire ever had.

Mr. STEVENS: I will agree that Gladstone was one of the greatest finance ministers, and I remember that Gladstone looked with horror at the commencement of income tax. He thought it was a revolutionary thing, a terrible thing, but I believe he did ultimately introduce it.

Mr. DUNNING: Succession duties, too.

Mr. STEVENS: The minister may be referring to the beginning of Gladstone's career or the end, but wherever the minister was, he was a good Gladstonian Liberal—

Mr. DUNNING: He is still.

Mr. STEVENS: —and now in his financial administration he is an ultra reactionary. But I do not want to get away from the purpose of my remarks. I want the minister to tell us what proportion of this $750,000,000 will be allocated to public works and general purposes.

Mr. DUNNING: If I am to answer all these questions I hope the hon. member for Calgary East (Mr. Landeryou) will give me opportunity to do so by instalments. In the first place let me congratulate the hon. member for Kootenay East (Mr. Stevens) upon once more posing very cleverly that question: Have you stopped beating your wife? He knows that is exactly what he is doing. The purpose is to convey to the country the impression that the opposition is vigilant to prevent undue expenditure of public money, as of course an opposition has a perfect right to be.

My hon. friend in his references to supplementary estimates yet to come is either calling upon his own memory of his experience as a member of a Conservative government, or upon his imagination. He knows that I find it very difficult to answer him categorically

with respect to supplementary estimates which may be in contemplation, without breaking my oath of office. He knows that I cannot be as frank as a finance minister would always like to be with respect to efforts to control public expenditure. He knows that as well as or better than I know it myself. I said once before in this parliament, and I repeat to-day—nobody will like it but it is the truth—that parliaments came into existence originally having as one of their primary purposes that of preventing the king from spending too much of the people's money. Parliament has changed; it has become a body demanding of the king, as represented by the government of the day, that more and more of the people's money be spent. And that is not confined to any one government or any one party in this house; we all know that it is the public demand upon the membership here. Again I say, however, when my hon. friend indicates some knowledge on his part which I do not at the moment possess, as to what the government contemplates bringing down in the form of supplementary estimates, that it is pure imagination or is based upon his experience of the methods followed by the government of which he was a member.

Mr. STEVENS: Based upon twenty-eight years of experience in this house.

Mr. DUNNING: Now, to come to the point of my hon. friend's impossible demand, I am prepared to take him at his word, if he so desires, if he speaks for all on that side of the house—

Some hon. MEMBERS: No.

Mr. DUNNING: —when he says that before we pass this borrowing authority we must know every dollar that the government proposes to spend by way of main and supplementary estimates during the present year. The opposition have a perfect right to take that stand if they wish to do so, and if they so wish we can avoid wasting a great deal of the money of the people in a long discussion here by my undertaking right now to stop this discussion at this point and proceed no further with the bill until the supplementary estimates are down. I am quite prepared to do that, but only if it will save a great deal of unnecessary talk and expense. My hon. friend well knows that during all the years he was a member of the government of Canada the borrowing authority was never seized upon by the opposition as one of the means of controlling expenditures, but they have a perfect right to do so. My hon. friend may exercise that right now if he wishes, but I do submit to him and to others who hold his views that if that is the desire it is better to attain it by my consenting to hold back the legislation right now, instead of wasting hours of time and then reaching that conclusion anyway. If this house really desires to see all the government estimates before granting this general borrowing and refunding authority I am prepared to hold back this measure until that time, purely in the interests of getting on with the business of the house.

Now I should like to answer the specific questions. A question was asked the other day, and it was referred to again to-day by the hon. member for Kootenay East (Mr. Stevens), with respect to the amount of currency in circulation in various countries. The hon. gentleman sought to prove by the figures he gave that we could stand a further measure of currency inflation. I draw attention to that because of course there is a distinction between currency inflation and currency and credit inflation.

Mr. STEVENS: Of course I did not use the word "inflation."

Mr. DUNNING: No, but I think my hon. friend indicated a willingness—well, his language was so carefully guarded in his effort to appeal to the extreme left on the one hand and not to offend St. James street on the other that it was rather difficult to know exactly what he did mean.

Mr. STEVENS: It was my hon. friend I did not want to offend.

Mr. DUNNING: As to being reactionary in my own person, I will let the Canadian people judge me and my works, as to whether or not I am reactionary; and they will do that.

Mr. LANDERYOU: They would if they knew the facts.

Mr. DUNNING: My hon. friend might, but thank goodness he is not the people of Canada, and I have plenty of evidence to that effect.

Mr. LANDERYOU: The same applies to the hon. gentleman who has just spoken.

Mr. DUNNING: Exactly. Now, with respect to the volume of currency in circulation, the other day the hon. member for Kootenay East said the circulation of currency in the hands of the public in Great Britain was $41 per capita; in the United States, about $42; in Australia about $40 and in Canada, about $22. He is in error with respect to Australia, where the figure is approximately $21 instead of $40. In other

words Australia is very similar to Canada in regard to the amount of currency in circulation.

There is one explanation as to why we have less currency in circulation in this country than they have in the United States. There is a different explanation with respect to Great Britain. The explanation with regard to the United States is one with which every hon. member of this house who thinks is familiar. The Canadian public have a great deal more confidence in their banking system than the people of the United States have in the banking system of that country. The hoarding of actual currency in the United States is known and acknowledged by the United States authorities to be very large indeed, whereas the deserved and continued confidence of the Canadian people in the Canadian banking system has involved an ever-increasing growth in the use of checking accounts instead of piling up large volumes of currency.

With respect to Great Britain, for a different set of reasons altogether the British people have not come along in the use of checking accounts to anything like the extent to which that method has been used in this country. Just here I should like to quote from the December bulletin of the United States federal reserve system touching on this exact point in connection with the volume of currency in circulation in that country. This bulletin is authoritative; as hon. members know, the federal reserve system is a governmental institution in that country. The bulletin states:

> The higher level of currency in circulation that has been maintained since 1936 at about $2,000,000,000 above that of 1929 represents increases both in large-denomination currency and in coin and small-denomination bills. The increase in large bills reflects in part the holding of savings in the form of currency rather than in bank deposits, securities, or other property. The banking difficulties in the early thirties may be partly responsible for the increase in the volume of savings held in currency rather than in banks, notwithstanding the safeguarding of bank deposits after 1933 by federal deposit insurance. Another factor is probably the reduction in interest rates paid on savings and other time deposits.

I would direct attention to the fact that the $2,000,000,000 there noted as the increase in United States circulation since 1936 would account for approximately $16 per capita of the difference between that country's per capita circulation of currency and the circulation of currency in Canada.

I do not know that there is anything I can add to what has been said already, except this one point which I overlooked. I was asked the other day as to the proportion of Canada's funded debt which was held in Canada and the proportion payable in other countries. I have the figure here somewhere and will be glad to place it on record. Without waiting to find that figure I would say that as things stand at present, seventy-five per cent of the funded debt of Canada is due and payable to Canadian people in Canada. That, I think, is a record of which we have no reason to be ashamed.

There is just one other point bearing on the same question. The other day the hon. member for Kootenay East asked us to give consideration to whether or not Canadians should increase their indebtedness to the United States. At that time I indicated to him that all the matters to which he referred were of necessity receiving constant study at the hands of the experts of the finance department, the officers of the central bank and, necessarily, myself. I can tell him now that the latest information with respect to the movement in that regard, developed by the bureau of statistics, indicated that there has been a net reduction of Canada's indebtedness abroad—I am speaking now not of the government alone but of all indebtedness abroad by all Canadians—of $524,000,000 during the past five years.

I indicated to my hon. friend, who expressed some doubt the other day, that I was quite sure that there had been during the last few years a continuous reduction in the balance of indebtedness in foreign countries against the Canadian people. This is the figure vouched for by the bureau of statistics in that regard: $524,800,000, in the last five years.

Mr. STEVENS: Will the minister permit a question?—because we want to keep the record straight. The minister began his answer by referring to the United States. The figures he gave apply to all countries.

Mr. DUNNING: Yes, quite.

Mr. STEVENS: It would be a misleading situation.

Mr. DUNNING: Yes. If I indicated the United States alone, I was wrong. It is our general international balance.

Mr. STEVENS: No; I do not wish the minister to think I misquoted him. I have said that he commenced his answer to me on the question of the indebtedness of Canada to the United States. And then, without differentiating, he led up to the total reduction. Would he indicate the amount of reduction to the United States?

Mr. DUNNING: One cannot possibly do that. As my hon. friend knows, many of these movements are three-cornered. For instance no one can tell precisely the domicile at this time of any Canadian bond which is payable either in London or in New York. It might be in the hands of a Canadian in Canada, of an American in the United States, or of a Britisher in London; it is impossible to say. We can approach the matter only from the point of view of our net foreign position. As I say, our net foreign position has steadily improved—and I am speaking not governmentally only, but with respect to the indebtedness of all Canadians abroad.

There are other matters which should be taken into consideration, such as payments mentioned the other day by the hon. member, the balance with respect to sales and purchases of securities, and other capital movements such as the international operation of banks, the balance of payments on insurance company accounts, and the Canadian companies for branches or subsidiaries abroad. The bureau's estimate in that regard brings up the total to a reduction of $900,000,000 in our indebtedness abroad during the past five years.

I place that information on *Hansard* not so much for the purpose of indicating opposition to the views held by my hon. friend—because I cordially welcome study by the Canadian people of the intricate problems connected with the movement of capital, and their relationship to the well-being of the country. Of course the tendency is to pick up an isolated fact, which appears by its nature to support the particular panacea which one may have in mind, and to base an argument upon it. That is a habit which is all too common. I can only assure the hon. member, in spite of his accusations of reaction on my part, that practically my whole time now is spent, and for the last three years has been spent, in a constant study of all of the complex factors which enter into problems of this nature. And I can assure the committee that from day to day they are getting not less complex, but more so. In an attempt to define a policy for this country one has to study at all times not only the immediate effect of that policy upon this country, but its relationship to a welter of other movements and other problems in other countries.

Frankly I confess—and this is not saying too much—that I cannot study any problem of finance at this time, even a problem of internal finance, on any large scale, without making and having my experts make a most careful study of the international exchange situation, not only as it is at the present time but as it may be in any measurable period in the future. Everyone knows how difficult it is in these days even to reach an approximation of what might be involved in a consideration of that kind.

The movement of securities, the decision as to whether or not one should exercise a call privilege—related as it is to the conditions in the place where you are going to attempt to raise money, for the purpose of exercising your call privilege—the bearing of all that upon the international exchange movement, and the question whether you may not lose more on exchange in the long run than you save at the moment on your cash transaction—those things are not simple. They do not fall within the limits of a single panacea or a single formula.

We are in an era of managed currency. What does that mean? It means that every country is managing its currency according to the ideas of those at the moment responsible for its government. But none of us has any assurance that the ideas which are guiding the management of currency, credit and money in any country to-day will be the ideas which will be governing six months or twelve months from to-day.

I know someone will call me reactionary if I point to the fact that when all acknowledged gold as having a certain controlling influence, so long as nations adhered to that principle, the problem was much more simple than it is to-day. Management means the operation by men's minds, as they are at present, with respect to the segment of monetary management which is under their control—the segment which relates to their own country. And it is necessary therefore, in the best interests of all those countries, for each at all times to endeavour to have an understanding of the monetary mentality of all the rest, and how it may be expected to operate within a measurable period in the future.

That is one of the great difficulties which has been created, alongside of some of the advantages which have been secured by the abandonment of gold as the internationally-agreed-upon controller of exchange and of monetary values. I am not now arguing that it is possible to get back to an international gold standard. But I am saying—and I say this particularly to hon. members in the corner, and certainly not in criticism of them—that monetary management in this country alone, along any line very much more radical than that now being pursued, creates a welter of problems, because the monetary management

of countries with which Canada must do business is not being carried on along the same lines.

What I mean by that—and I do not want this to be taken as a generalization—is that any person in the position in which I am to-day, in formulating Canada's policy must have regard to what is practicable with relation to those countries with which we have the largest trading and financial relations. A man who ignored that and who proceeded to put into effect in Canada any idealistic monetary theory, which would possibly work if all the world accepted it, would find it impossible effectively to do so in relation to this country alone, without creating untold harm and misery for the Canadian people. I say that in all seriousness with respect to any policy which would differ widely in essence from the policies common in the countries with which we must do business. The world must endeavour to march forward in reasonable co-operation; we may not be able to go back to a gold standard. It is engaged in attempting to manage money by means of the minds of men who are in control for the time being. We may look back with some longing to the comparatively easy days of gold standard currency. I do not say that it is practicable to get back there; I do not even argue that it would be desirable to get back there, but I do point out that the world has started on a great experiment which has revealed already such a degree of diversity of view among those charged with the management of currency and credit in the various countries as to involve grave dangers to the common people of the countries concerned. After all, it is the common people who always pay the piper for monetary mistakes.

Mr. STEVENS: I should not like the minister to close his remarks and leave the committee with the impression that I was, shall I say, seeking to misrepresent him. In the first place, the minister put it almost in the form of a threat—

Mr. DUNNING: No—

Mr. STEVENS: —that he would drop this resolution until such time as the supplementary estimates had come down.

Mr. DUNNING: I offered to do so. I did not threaten.

Mr. STEVENS: The minister added to it the statement that he would like to get along with the business of the house, and the inference was that this would be obstructing the business of the house. My own view is, and I speak for myself only, that it would be better for all concerned, that it would be better for parliament, if we had the supplementary estimates before this was disposed of.

Mr. DUNNING: If that is the general agreement, I am content.

Mr. STEVENS: I do not suggest that that is the view of all hon. members on this side, because I am not speaking for them. The minister made a statement with regard to external loans; he said that there had been a reduction of Canada's obligation abroad by $500,000,000 in the last five years. I have not had an opportunity or the time to check the figures. The minister has not referred at all to the point I raised the other day. I asked whether it was advisable for Canada to continue borrowing in the United States in the light of the heavy indebtedness of Canada to the United States, and the further fact that we were not able by an interchange of goods to meet our obligations in the United States.

Mr. DUNNING: And I agreed with my hon. friend.

Mr. STEVENS: To-day the minister's remarks would seem to indicate that I was wrong in my position. His statement is that there has been a substantial reduction, and therefore we have nothing to worry about. The minister is unable to give the figures. I may say I have studied these figures, perhaps not as closely as the minister, and I question whether our indebtedness to the United States has been diminished at all in the last five or ten years. If it has been, it is because of the shrinkage in the value of securities due to the depression and the failure of a number of institutions which had borrowed in the United States. There may be a shrinkage in that regard, but in so far as repayment or discharge of these obligations is concerned, I question whether there has been any reduction. It must be remembered that we owe Great Britain something in the neighbourhood of $2,500,000,000. The minister knows, and anyone who has studied this matter knows perfectly well, that there are no precise statistics.

Mr. DUNNING: Only the totals for all countries.

Mr. STEVENS: There are no precise statistics upon which those totals can be based. There are estimates and calculations, and so on, which I think are reasonably accurate. However, when anyone by an analysis of these balances says that we have

reduced our obligations by $500,000,000 or $100,000,000 or any other figure, that statement is not necessarily an accurate one. No one knows exactly what has happened. The point I was getting at the other day, and which I reiterate now, was this. Our indebtedness to the United States is so heavy that I question the advisability of raising additional loans in that country. The minister agreed with me the other day. The minister may not think it advisable to do so at this time, but I should like to know if he can intimate whether he intends to borrow any substantial portion of this $750,000,000 in the United States, or whether it would be preferable again to open up our borrowing in Great Britain.

At this point I should like to ask the minister if he has considered the brief that I sent to him last year and which I was prevented from presenting in the house because the subject was *sub judice*. That brief referred to the Grand Trunk shareholders. In my opinion that matter is at the root of the difficulty of Canadian financing in London. I believe that if we were to remove that obstacle we could open up again the British market for borrowing. It would be infinitely better for Canada to secure its financial requirements in London. We sell Great Britain from $100,000,000 to $150,000,000 more goods than we buy, roughly speaking. She is a good customer. In other words, that is a market which is open to us where we are unable to pay back our indebtedness in goods. It is more or less an open market. The reverse is true of the United States. Therefore it is advisable for Canada to borrow its capital requirements in the British financial market if at all possible. If there is anything we can do to reopen that market, it ought to be done. I am not going to discuss the Grand Trunk shareholders' matter to-day—

Mr. DUNNING: That would be going too far.

Mr. STEVENS: Possibly, but I think it might well be brought in under the argument I am now making. I shall probably do that on some other occasion, because it is a matter which I think ought to be discussed in the house. If the minister could indicate whether he will seek this financing in the United States or in Great Britain, it would be desirable.

The minister referred to certain recent increases in the amount of currency in the United States and Canada. The spread between the amount of currency in the hands of the public in Great Britain and the United States and Canada is something that deserves careful study. If within the ambit of the international conference decision as to what is reasonably safe in the way of gold reserve we can expand the currency issue in Canada, I think it ought to be done. Last year when discussing this subject the minister constantly used the word "inflation" and he used it again to-day. I object to that because I am not suggesting inflation in the ordinary interpretation of the word. Inflation is where you get beyond the realm of recognized safety. I say further that you can have inflation of credit just as easily as you can have inflation of currency.

Mr. DUNNING: Easier.

Mr. STEVENS: That is really what happened in 1929. Probably that was the main cause of the collapse of the financial market at that time. I want to make it very clear that I am not talking about inflation.

Mr. DUNNING: Either of credit or of currency?

Mr. STEVENS: No.

Mr. DUNNING: We are not so far apart.

Mr. STEVENS: Not very far, but there is a substantial percentage of difference. I think we should go a long way towards improving conditions in Canada if we had a little broader and easier policy.

Mr. MACKENZIE (Vancouver): A scientific expansion of the currency.

Mr. STEVENS: Yes. I am not as much alarmed about managed currency as my hon. friend seems to be. Do not let us forget that we are off the gold standard. Here is a question I should like to put to the minister. Why is it that Canada has tied itself to the American dollar?

Mr. DUNNING: Canada has not.

Mr. STEVENS: I am going to propound a phenomena which exists at the present time. Since the Prime Minister was in New York and Washington, since the signing of the treaty down to the present time, while sterling has fallen as low as $4.50—it is around $4.70 to-day—Canada has not followed sterling down at all. Canada's dollar stayed within a fraction of New York, and no one will persuade me that without some artificial action on the part of the banks of Canada or the Bank of Canada in connection with our relation to United States exchange, Canada's dollar would not have followed sterling down to a certain extent, although perhaps not as rapidly as sterling went.

I say further, because I disagree with the general course followed in 1931, and I disagree with the course to-day, that in the last five

months the Canadian exporter, and the Canadian government is an exporter of wheat, has lost a very considerable sum of money. We might just as well have been paid with a dollar that was tied to sterling, which would have greatly benefited the primary producer, as to have been paid with a dollar that was tied to New York.

Mr. DUNNING: It is not tied to New York.

Mr. STEVENS: The minister says it is not tied to New York.

Mr. MACKENZIE (Vancouver): When the opposition of that day suggested that course, they were condemned by the government.

Mr. STEVENS: And I say very frankly that I disagreed with that attitude.

Mr. MACKENZIE (Vancouver): I am very glad to hear that.

Mr. STEVENS: We should have followed sterling.

Mr. DUNNING: May I rise to correct an impression given by my hon. friend which would be detrimental to the best interests of Canada. I want to state categorically and positively that the Canadian dollar is not tied at this moment, nor has it been, either to the United States dollar, on the one hand, or to the pound sterling on the other. I state that on my responsibility as minister, with the utmost positiveness.

Mr. STEVENS: All right, I accept the minister's statement that it is not tied.

Mr. DUNNING: Don't do the country harm.

Mr. STEVENS: I cannot allow that to pass.

Mr. DUNNING: Well, my hon. friend stated that he knew that it was tied.

Mr. STEVENS: I did not say that. I said that no one could persuade me that it was not tied. The minister says: Don't do the country harm.

Mr. DUNNING: I did not mean that, offensively.

Mr. STEVENS: I cannot see that it is going to do this country any harm to discuss the situation frankly.

Mr. DUNNING: But to state what is not true may do the country harm.

Mr. STEVENS: The minister says it is not true. He says the Canadian dollar is not tied to New York. All right. But the fact is that the Canadian dollar has stayed within half of one per cent of New York. It has been down varying from two to four-sixteenths, and it rarely went above one per cent.

Mr. DUNNING: Not often.

Mr. STEVENS: I do not recall its doing so. Most of the time it was five or seven-sixteenths off New York. What I do say is that if the Canadian dollar had been allowed to follow sterling—

Mr. DUNNING: Allowed? It was positively not prevented from doing so.

Mr. STEVENS: I will put it in another way. If the Canadian dollar had been tied to sterling we would have been infinitely better off in this country, to the extent of millions of dollars in the hands of our producers.

Mr. MACKENZIE (Vancouver): That is definitely true of 1931.

Mr. STEVENS: I will tell my hon. friend that if on September 21, 1931, when Great Britain went off the gold standard, Canada had followed sterling, it would have put millions of dollars into the hands of the people of this country. Exactly the same condition prevails to-day.

Mr. DUNNING: Nonsense.

Mr. STEVENS: In the last few months, exactly the same position. If we were tied to sterling, Canadian producers to-day would be receiving a substantial increase of income.

Mr. MACKENZIE (Vancouver): Did my hon. friend not vote against a resolution moved by the then member for Macleod, and supported by the Liberal opposition of that day, advocating that very policy in 1931?

Mr. STEVENS: I do not recall it. But suppose I did; my hon. friend knows very well that I was a member of the government, and I had to agree with what was done or get out. Ultimately I did get out. But that is not the point. I say that that was my opinion then, and it is my opinion to-day, whether it is done or not. I say that if we were tied to sterling, not merely the pound sterling but to the sterling area, which includes not only Great Britain, but Norway, Sweden, the Scandinavian countries, Holland to a certain extent, Belgium, and all the British colonies, the primary producer in this country would be greatly benefited. Of course there would be some slight handicap on those who have to pay on securities in New York. But I think it would be an advantage to half the

population in Canada, our agricultural population, in the prices they would receive for their meat products, their cheese and their butter, their wheat and other primary products, and surely that would more than offset the disadvantage on the financial side.

I am not for one moment, as I said the other day, criticizing the banking institutions, because their business is to look after their own interests. But it is the business of this parliament and of this government to hold things in balance and equity among the various conflicting interests in this country, and for that reason I would welcome some indication from the minister that he intends in this instance to seek to reinstate Canada's place in the London market and that, if it can be brought about, the Canadian dollar will be tied to sterling.

Mr. DUNNING: Mr. Chairman, I do not want to prolong the out-of-order discussion which is now proceeding, and for which I am perhaps as much responsible as anyone else. But is my hon. friend (Mr. Stevens) enunciating the policy of his party when he says that we should tie the Canadian dollar to sterling? I want to know, and the people of Canada want to know.

Mr. STEVENS: I will answer. What difference does it make whether I am speaking for the Conservative party or for myself?

Mr. DUNNING: No difference at all.

Mr. STEVENS: I stated at the outset that I was giving my own opinion. I am not speaking for the Conservative party; I am speaking for myself.

Mr. DUNNING: I thought my hon. friend was speaking as the financial critic of his party—

Mr. STEVENS: No, just as a private member.

Mr. DUNNING: —and therefore with some responsibility as to policy. I will answer him at once and say that this government does not believe, under the conditions now prevailing, or under the conditions which have prevailed since we came into office, in tying the Canadian dollar to any other currency anywhere, whether it be the pound sterling or the American dollar. I would earnestly submit to this committee that the moment we do so we abdicate the function with which the Canadian people have entrusted us, namely that of managing our own currency. We cease to manage it ourselves the moment we tie it up to any other currency. At the present time the Canadian dollar rides on the tide of trade. It is not tied to any other currency, and I think any student of present conditions would question the desirability of tying it either to the United States dollar on the one hand or to the pound sterling on the other.

My hon. friend painted an alluring picture of the benefits to be derived from tying our dollar to a depreciated pound. He spoke, as many do, of the advantages to certain groups of producers, and of the disadvantage to those having securities payable in terms of United States currency. He did not mention at all the effect it would have upon all the people of Canada who are consumers. He did not mention at all the fact that depreciating our currency in relation to the United States dollar at this minute would impose a protective tariff much more effective than anything we have. To the extent of the difference between the depreciated Canadian dollar and the United States dollar it would impose a tariff against all imports entering this country, without, in so doing, bringing in a cent of revenue to the Canadian treasury, but definitely increasing the cost of all domestic commodities which have to be purchased which are governed by the cost of imported commodities. The thing is not so easy as that. If it were, does anybody suppose that any government would not desire to get additional returns for primary producers of exportable products? Would it not be something that we would jump at? My hon. friend well knows that it is much more complicated in its essence than that. In my best judgment, advising the government on these matters, with conditions as they are to-day, it would be definitely bad business for the Canadian people to have their dollar tied to any other country's currency. In the changing circumstances which surround us to-day we must retain control of our own currency, which we have through the legislation enacted by parliament.

My hon. friend refers to the previous occasion. May I point out to him that a $4.70 pound in relation to our producers of exportable products is a very different thing from a $3.25 pound. That is the whole point. These things are all matters of degree. I will admit at once that if the pound sterling declined to anything like the levels which existed in 1931, when, as he said, he was compelled to vote for his government although he disagreed with them, in the process of managing our own currency in the interests of the Canadian people we should have to take cognizance of that position and adjust ourselves accordingly. But I do submit that to claim that there is any parallel between a $4.70 pound, seventeen cents below parity for the pound, and a pound which was $3.25 as

against $4.86, is—well, not merely begging the question, but exaggerating for the purpose of making a debating point.

Mr. STEVENS: Does the minister believe that it would be disastrous for Canada to follow sterling down to the $4.70 level, and some sort of glorified blessing to follow it down to the $3.25 level?

Mr. DUNNING: No, I did not say that.

Mr. STEVENS: A moment ago the minister was emphasizing the possible disastrous effect of going on the $4.70 level, and then he says it was a vastly different thing when the Conservative government was in office and the pound went to $3.25.

Mr. DUNNING: I will let my point go. I will let *Hansard* record it.

Mr. STEVENS: It is difficult, however, to allow the minister to get away with any such argument as that.

Mr. POULIOT: What about the Australian pound, Mr. Chairman? Some friends in the antipodes sent me their speeches in which they contended very strongly that the Australian pound, which is tied to sterling, is much lower than the British pound.

I have listened attentively to the discussion, which was most interesting. A great gentleman in this country has deplored the manner in which experts in economics, sociology and political theory use terms and phrases not understandable by the layman. He mentioned that it was "an abominable jargon." In this connection I should like to quote a few words from "A World in Debt," by Freeman Tilden, which was published in 1936 by Funk & Wagnalls. One fears the entrance of economists in the financial field; they seem to make it more complicated. At one time the statute of 1908 provided that the deputy minister of finance would receive a salary of $4,000 a year, provided that he had been the general manager of a chartered bank for ten years. At that time they were looking for people of common sense and experience in business. Now I am very much concerned about the fact that some of the advisers of the Minister of Finance are experts in economics.

Here is what Mr. Tilden says of economists: it is very short:

> Then I turned to the economists, the political economists. Lord save us, my friend! what shall I say of the economists? What can anyone say of the economists? Nerissa asked of Portia, "How say you by the French lord, Monsieur Le Bon?" Portia replied, "God made him, and therefore let him pass for a man." As to economists, let us not be outdone in benevolence by Portia; they are undoubtedly as they were intended to be; but for any adequate explanation of the difficulties and dangers that beset our industrial economy and the fortunes of those who exist within it, you may as well consult the Great Pyramid.

Mr. BLACKMORE: Hear, hear.

Mr. POULIOT:

> Diligently I have perused the modern economists, and I frankly confess that I now know neither what political economy is nor what the economists pretend to teach. If the professors of this alleged science really have any definite notions translatable into practice, it would seem the right time to expose them, for the world stands very much in need of enlightenment. Sir Isaac Newton once refused to publish the results of certain experiments he had made, saying that the publication might serve to widen the circle of his acquaintance, "a thing I chiefly study to decline." Our economists do not seem, so far as mere publicity is concerned, to share Sir Isaac's aloofness; their love of society is so great as sometimes to appear promiscuous; so it must be that a kind of freemasonry among them seals their lips against revealing the prodigious truths of which they are possessed.

Of course, Mr. Chairman, there is always a danger in listening to experts. One very able judge used to say that there were three kinds of liars—liars, d—— liars, and experts. Of course what we need in finance as well as any other business is a clear understanding of what is going on; and very often the accessory currency is considered as the principal when the principal is always trade.

Another point that concerns me very much is the fact that during the last years, and especially from 1930 to 1935, instead of following the practice of Westminster we have been aping it. One thing I cannot understand is the loss of ministerial responsibility and the decrease in parliamentary control. Hon. members have received an extract of the reports of the British parliamentary committee on national economy. May I draw attention to four points which should be placed on *Hansard*? The document is dated from Treasury Chambers, March 12, 1920, and is the interim report on the position of accounting officers:

> At their first meeting the council proceeded to discuss the general position of accounting officers and the possibility of effective reform in the present financial procedure of departments. On November 10, 1919 the chancellor of the exchequer requested the council to consider, together with other proposals for strengthening the hands of accounting officers, the suggestion contained in paragraph 9 of the first report of the select committee on national expenditure (1919), that the accounting officer of each spending department should be a treasury official appointed by and solely responsible to the treasury.

The CHAIRMAN: Order. What is the hon. gentleman reading from?

Mr. POULIOT: I am reading from the official report of the committees of Westminster, an extract from the report of the committee on national economy, which I got here in the library.

The CHAIRMAN: I am of the opinion that the hon. member is out of order in quoting that. I would ask him to confine his remarks to the resolution.

Mr. POULIOT: Yes, sir, and if you permit me I will explain how this is in order. We are now discussing a resolution to authorize the borrowing of $750,000,000. The administration of this will be in the hands of the Department of Finance. We have to see what the present constitution of that department is compared with what it was before 1931. I am just telling the committee what has been decided in England with regard to the appointment of officers of the treasury in various departments.

The CHAIRMAN: I have already made my ruling, and I would ask the hon. member to observe it.

Mr. POULIOT: Yes, sir. Then I will not mention this further at present. But my point is that in regard to all the money spent by the government, each item of expenditure should be authorized by and payment made by the minister concerned. The minister of any department has an allotment of so many hundred thousands, so many millions of dollars for his department. According to my view of ministerial responsibility, responsible government and parliamentary control the minister should have the right not only to authorize an expenditure but also to control the payment of that expenditure, in order to be responsible to parliament for the disbursement made on that account. I hope I make myself clear in that regard. Some years ago under the previous administration the whole financial system of the dominion government was entirely changed; instead of having payments made under the authority of the minister concerned they are now made only by the Department of Finance under the authority of the comptroller of the treasury who is himself under the authority of the Minister of Finance. I submit that we should follow the practice which was in force in this country for a hundred years; from 1834, the time of the ninety-two resolutions—it was put in force six years later in 1840—to 1934 we had responsible government in this country, but since 1934 all payments are made by the Department of Finance and not by the ministers of the departments concerned. There are now no accountants in the departments who are not under the Minister of Finance. The minister concerned has no authority over the accountants in his department. Here in the House of Commons we have an accountant, a very able man; but he is not one of our officers; he is not under the authority of Mr. Speaker; he is under the authority of the comptroller of the treasury who is under the authority of the Minister of Finance. To this I strongly object on constitutional grounds, because each minister should be responsible for his own department, and if he is not responsible for the payment he cannot be held responsible for incurring any expenditure. Further, according to my view, in the present situation all the estimates should be submitted by the Minister of Finance himself, because he is responsible for the payment. I do not see how any other minister can come with them save the Minister of Finance, who through his officials authorizes every payment made. I do not see how any other minister can come and justify the administration of his department, because he administers practically nothing. I do not blame this government for that legislation, far from it; it was imposed on parliament by the previous administration, but it is all wrong. The former Prime Minister used to say that he needed to have it that way in order to get information more quickly. Last year, two months after the expiration of the fiscal year, I telephoned to a high official of the Department of Finance to know the exact amount of the debt of Canada. He told me he had not ascertained it yet. As I say, that was two months after the expiration of the fiscal year. There is no progress in that.

Another point is that with accountants in the various departments to check the expenditures and make the payments under the authority of the minister they become familiar with the work of the department. There is no man in the civil service who can be familiar with the expenditures of all departments. I defy the comptroller of the treasury or anyone in the Department of Finance to be able to justify each expenditure in the various branches of the department; it is beyond the mental ability and the physical capacity of any man. Therefore I hope that some day the Minister of Finance will consider what is being done at Westminster. The proposal was made at Westminster to have officers of the treasury in the departments; this was refused by the mother of parliaments. And I do not see why we do not act here as they do in Westminster. They have behind them the traditions of many

[The Chairman.]

hundreds of years, while we are just a relatively new country in parliamentary practice. We have a great deal to learn and nothing to forget of what was done by our forefathers in this dominion to secure ministerial responsibility and gain parliamentary control. If we have no ministerial responsibility, where is the control of parliament? There is none. I consider it a real shame that ministers for whom I have great respect should have to crawl before officers of the treasury in order to have something done in their departments.

The CHAIRMAN: Order. I regret to have to interrupt the hon. member, but he is again definitely out of order. I ask him to confine his remarks to the resolution before the committee.

Mr. TUCKER: I do not intend to take up more than a few minutes, but I should like to indicate my view in regard to this resolution. One advantage of the issue of currency, as pointed out especially in the last parliament, is that it is a means whereby the credit of the country can be drawn upon without having to pay interest on the use of that credit. For that reason I understand that the present Minister of National Defence (Mr. Mackenzie) at that time urged the issue of $400,000,000 in currency, to be used in part towards the payment of the national debt, having in mind that if that were done it would avoid the payment of interest to the extent it was so used. I am 100 per cent in support of that view. I think the extent to which we can issue currency and pay the national debt and avoid payment of interest on that debt without in any way dislocating the set-up in the country is the extent to which we should go.

As was pointed out by the hon. member for Kootenay East (Mr. Stevens), the amount of currency in circulation in Canada is about $22 per capita, compared with $42 per capita in the United States. If we issued the same amount of money per capita in Canada as they have in issue in the United States we could issue another $220,000,000 and use that money to retire interest-bearing debt. By so doing we would save no less a sum than $7,700,000 annually. The Minister of Finance (Mr. Dunning) says the reason why we have not as much money in issue in Canada as they have in the United States is that the Canadian people have confidence in our banking system, as a result of which, instead of keeping currency on hand they deposit their money in the bank and use cheques. The result is simply this, that since we have $220,000,000 less currency in issue on account of the people of Canada having confidence in their banking system they are penalized to the extent of $7,700,000 annually. While that may be the actual reason why we have not so much currency in issue in order to do our business, it is no reason in the world why it should be so. Why should we pay interest on that sum of money just because the banks can get by with less or business can get by without that money being in issue. I do not think it can be argued that we could not put that amount of money into circulation in this country without in any way dislocating our banking set-up. As I say, if we did put that amount of money into circulation we would save $7,700,000 every year.

When I suggested last year that we put several hundred million dollars in issue on which we would not have to pay interest it was stated that under our banking system the banks made loans or investments, or tend to do so, at the rate of ten dollars for every dollar of currency put out, and that if you put $600,000,000 of currency in issue, under our present system this would inevitably result in the long run in the banks putting out by way of loans and investments something around $6,000,000,000. At that time I suggested that if the banks showed any such tendency unduly to inflate their loans and investments you could take control and prevent them from doing so. The United States increased the amount of currency in circulation, and in order to prevent the banks from unduly inflating credit they increased their reserve requirement, as I understand it, from ten to twenty cents for every dollar invested or loaned by the bank. In other words the reserve requirement in the United States to-day is twenty cents for every dollar loaned or invested, whereas in Canada the legal requirement is still only five cents per dollar loaned or invested. No one can tell me that we cannot thus control our banks by taking control at any time over the reserve required. We can put twice the amount of money in circulation and double the reserve requirement if necessary in order to prevent the banks from inflating their credits or investments by a single cent. As a matter of fact, we have in the past three years to a very limited extent actually increased our currency in circulation, but the banks claim they cannot, under present conditions, greatly increase loans to commercial institutions. The result is that they have not actually increased their loans or investments in that direction and so the inflation of credit predicted has not yet occurred. So I submit that, under present conditions, without changing our reserve requirement we could

increase the amount of currency in circulation without fear of immediate credit inflation. But as we did so, to make entirely certain that the banks would not take advantage of the situation, I say we should take power to increase the reserve requirement in order to prevent that inflation of credit if it threatened.

The situation in regard to this resolution, therefore, is simply this. There is roughly $400,000,000 of this debt Canada owes and which it is proposed to refund by reborrowing at interest which is payable within Canada. I submit that we could require the Bank of Canada to print $400,000,000 of notes and pay that $400,000,000 as it came due with those Bank of Canada notes. As I understand it, the average rate of interest to-day is roughly three and a half per cent, and by adopting that course we could save $14,000,000 of interest every year. I think that is worth considering. If it be said that the moment you put $400,000,000 of new currency into circulation the banks are going to loan or make investments to the extent of $4,000,000,000, I say you can prevent that by increasing your reserve requirement, or by taking power to do so. You would not need to increase it; the very threat would prevent the banks from going to any extreme.

I welcome very much the suggestion of the Minister of Finance that the servants of the people, the officials of the Bank of Canada, should be called before the representatives of the people of Canada to explain what use they are making of the control we have given them over the currency and credit of this country. I welcome that because it seems to me that they should be asked, among other things, if it would not be feasible for us to take the step I have just suggested. I hope the minister will announce at a very early date that this procedure will be followed, because it seems to me high time we put looking after our old and sick people, looking after our unemployment situation and giving opportunity to our young people, above the payment of unnecessary interest on government debt. To me that is the one place where to-day parliament can save money. We hear speeches these days from Toronto, for example, suggesting that if certain business supermen were in control of the dominion government they could save money; but if you asked them where they would save it to any great extent they would not be able to say. Would they eliminate help to the farmers of western Canada? Would they eliminate help to the fishermen of the east? Would they eliminate help to the unemployed or old folks of Ontario or Quebec or elsewhere? Where would they save the money? This is one place, Mr. Chairman, where it would be possible to save money in order to do the things that we as a people want to do. So I welcome the opportunity to have the officials of the Bank of Canada, whom I regard as experts in their particular line, come before the representatives of the people in the banking and commerce committee and explain why it is not possible—if they so think—for us to increase our currency in that way, at the same time preventing undue inflation.

I think the ultimate ideal should be this, that you should gradually increase the amount of currency in circulation and gradually increase your reserve requirement until you have every cent owing by the banks by way of deposit in the banks—amounting, as hon. members know, to almost $3,000,000,000—covered by money issued by the government of this country. Thereby you would save over $100,000,000 in interest and you would prevent the present inflation of credit by the banks. Under our present system the banks are, in effect, little, private mints. On the basis of their reserve requirement they can extend credit at the rate of ten dollars to one dollar to the country, which means purchasing power created as the money loaned is subject to check by the government or other borrower and is received by those to whom the cheques are paid as if they were money. When there is a threat of bad conditions the banks begin to draw in their loans and destroy purchasing power. As a matter of fact, one of the common sayings of the period since 1933-34 has been, "Where has the money gone? There is just as much money in the country as ever." As a matter of fact, there was not as much money in the country, because the banks had drawn in loans represented by deposits in the banks against which cheques could be issued. They had,—as I remember the figures,—contracted those loans to private enterprise to the extent of roughly $900,000,000 between 1929 and 1934. The marvel to me is this, that with that contraction going on in the money to do the business of the country, over the short period of only five years, it did not absolutely wreck our economic structure.

I am glad the Minister of Finance once more is well enough to carry on in the vigorous manner he has demonstrated this afternoon. I have every respect for him. But when he worries about increasing, say, the amount of currency in circulation per capita in Canada to a point at least equal to the amount in circulation in the United States, sufficient to save that interest I have mentioned; when I think about the financial

leaders who are advising him to-day being willing, without protest and without seeing to it that the system is changed so that the banking system could not do what it did between 1929 and 1934 again and thereby destroy the purchasing power of the country to the extent of $900,000,000; when those people are content to stand by and let that condition remain, without insisting that the system be changed—well, I cannot understand it.

I submit that the one way of getting away from the banking system engaging in periods of undue inflation and then engaging in periods of undue deflation is gradually to increase the reserve requirements to a point where the banks will be able truly to say that for every dollar they owe depositors they have a dollar on hand. To-day, as I pointed out, by law they can loan out $20 for every dollar they have in legal reserve.

As I pointed out, that leads to a condition where, when the country wants to borrow, it must pay interest. It leads to these inflational booms. It leads to the destruction of purchasing power in deflationary periods. It leads, whether we like it or not, to the very thing that is happening to-day. The people do not know the reason why our system is not functioning, and they are inclined to blame our parliamentary and democratic institutions. We must make that system function, or it will ultimately be destroyed. Those people who seek power by blaming the present government, but without offering any policy of their own and who, if the people believed them, would find themselves in power without any policy, and would carry on for five years without solving the fundamental problems of the country, are playing with the very future of our democratic system. I would say that no man should seek power in Canada if all he has to offer is a palliative, something which would not go to the root of matters in solving the problems of this dominion. If any man does that, he is playing with the confidence of the democracy of Canada.

I submit the one place where the system does not work to-day is right in the realm of currency and credit. That is the one burden—the payment of interest on the use of its own credit—which the government must shed. It is one place where the credit power of Canada can be placed at the service of the people of Canada, to the extent that the Canadian people should be permitted to use their entire man power, and their entire brain power, to develop the resources God put within their control. They should be permitted to work at full capacity to produce wealth. And if the system is not working to put our unemployed to work and to develop what, after all, is theirs—the resources of Canada—then that system is not working properly.

Unemployment is not a scourge. Those who are unemployed to-day should be regarded as an asset, not a liability. They should be regarded as people who could be put to work to produce real wealth. Then, after we have our entire machinery working to produce the maximum amount of wealth, there would be no difficulty in seeing to it that the people of Canada enjoyed or consumed that wealth. The standard of living of all would be immeasurably raised.

As I see it, that is the crux of the whole problem. We must face that problem. No amount of quibbling and fighting as to whether the tariff should be raised from, say an average of twenty per cent to thirty per cent, no amount of condemning the party in office by the very party which held office for five years—but did not do anything to solve the problem—will gain us anything. The point is this: The people of Canada want fundamental remedies applied to the problem. They are patient. They are asking us to solve the difficulties, but I am afraid—

Mr. HARTIGAN: I should like to ask a question.

Mr. TUCKER: I have almost finished; the hon. member can then ask his question. I am afraid history teaches that if a government does not serve its day and age, or if a system does not serve its day and age, it cannot indefinitely endure.

My last word at this time is this: I appeal to every member, if the time does come when we have a chance to go into these problems, with the experts we have at our disposal—and there are no better experts in Canada than are to be found connected with the Bank of Canada and the Department of Finance—to give his best attention, so that we may benefit by the advice those officials can give. I would ask hon. members to follow closely the discussions before that committee. I say that because I believe everybody realizes something fundamental must be done to solve the problems facing us to-day.

Mr. DUNNING: Mr. Chairman, may I be permitted a word? The discussion has now got into the realm of monetary theory and principle. The experience last session indicated that on almost any subject before the house it is possible to discuss monetary theory and principle.

I do not wish the hon. member for Rosthern (Mr. Tucker) to think that my failure to speak at length with respect to the matter

he raises arises from any disinclination to do so, or from any lack of respect for his aims and the study he has given to the subject. However, based on previous experience, I do suggest that nothing will prevent members from discussing this matter on innumerable occasions in both the near and distant future.

When the other day I volunteered the suggestion that officers of the Bank of Canada might appear before the committee on banking and commerce, I thought I was opening the way for members who have ideas in these matters to examine those ideas critically, by and with the advice of, I think, the best we have in Canada in that line.

I was pleased to note the hon. member for Rosthern welcomed the suggestion, and I can indicate to him now it is my intention—I hope early next week, at the latest —to lay on the table of the house the report to me of the governor and the board of the Bank of Canada, and then as an ordinary formal motion to move that that report be referred to the committee on banking and commerce. Such action would afford the proper means of having the governor of the bank and such other officers as may be required, and indeed any officer of the Department of Finance, before that committee.

I indicated the other day some rather desirable limitations which might be imposed. I stated that we must trust to the discretion of the governor of the bank with respect to the giving out of certain information. I do not want to exaggerate that; I merely want to state it as a necessary condition. I am quite sure, however, that would not affect the possibility of discussing in detail with those experts the ideas which the hon. member for Rosthern seems to think are so simple and easy of achievement. I know he is quite sincere in that, as are other hon. members on all sides of the house. I only want to say that I have not found anything very easy. In my experience with finance I have found that the more I know, the less I am certain of. That may be the experience of others, but I do not know.

I am not pressing this resolution, but I should like to get the bill before the house. There will be an opportunity on the second reading and again in committee to prolong this discussion. To be perfectly frank, I do not want to have to come here to-night because I have had a rather hard afternoon. I should like to get the resolution along, or I am quite willing to do what I suggested in all seriousness to the hon. member for Kootenay East (Mr. Stevens).

[Mr. Dunning.]

Mr. LANDERYOU: Mr. Chairman, this is a matter about which I stated previously I intended to speak. I believe this resolution affords me a chance of discussing what I consider to be one of Canada's greatest problems at the present time. We have spent some eight or ten days discussing the Bren gun contract, a matter involving $25,000,000 or $30,000,000, at which time we heard political speeches from both sides of the house.

The CHAIRMAN: Order. The hon. member should proceed to discuss the resolution.

Mr. LANDERYOU: I had hoped that during the discussion of this resolution we would hear the policies advocated by the various parties in connection with monetary reform.

Mr. DUNNING: Would my hon. friend permit me just a moment? I hope he realizes that the passing of this resolution does not exhaust the possibilities of discussion thereon. The second reading stage of the bill will afford an appropriate opportunity for discussion. The bill will be identical in its terms with the resolution, and it must again come before the committee of the whole house. I hope he is not under the impression that he is being estopped in any way should he permit the introduction of the bill. I merely want to get the bill before the house.

Some hon. MEMBERS: Carried.

Mr. LANDERYOU: It is not carried. I appreciate the statement made by the Minister of Finance, but I want to say that I allowed the resolution to go into committee of the whole without speaking, on the understanding that I would have an opportunity of saying a few words at this time. I agree with the hon. member for Rosthern (Mr. Tucker) when he says that democracy is being criticized, and that parliament is being criticized. Rather we should be criticizing the present financial system which is responsible for the poverty and want and misery that is so apparent throughout the dominion. I agree with the Minister of Finance (Mr. Dunning) when he states that the gold standard has been abandoned and that we are now in an era of managed currency. I do not say that the Canadian dollar has been linked or tied up to the United States dollar or the English pound, but it is a significant fact that the Canadian dollar has for some considerable length of time remained on a parity with the United States dollar.

If the monetary policy pursued by this government is working inimically to the interests of the primary producers, as has been

suggested by the hon. member for Kootenay East (Mr. Stevens) and as has been declared by the province of Manitoba to be so, then those who are suffering because of the financial policy of this government should be aided by subsidies or by some other measure of restitution of their losses. The minister also pointed to the fact that the Canadian debt is largely internal. In fact, he said that seventy-five per cent of Canada's debt has now become an internal debt. That is all to the good because we realize that it is much easier to handle a debt internally than it is to handle it externally. But other countries are pursuing the same policy. Germany's external debt to-day is only 20 per cent of what it was in 1931. The Prime Minister (Mr. Mackenzie King) declared before the 1935 election that usury once in control would wreck any nation. Yet we find that debt and taxation are on the increase in Canada. When they were in opposition the Liberals railed against the taxation imposed by the Conservative administration, and yet to-day they are collecting more taxes than were ever collected by any former administration or by any government since confederation.

Mr. McNEVIN: Will the hon. member permit a question?

Mr. LANDERYOU: I will permit a question when I have finished. In 1932-33, federal revenues totalled $311,130,000, and we find that in 1937-38 this government collected over $500,000,000. There has been an increase of $200,000,000 in taxation. To-day the government is collecting almost double what was collected by the Conservative administration in 1932-33, and yet the Liberals severely criticized the tax policies of that administration. The Liberals claim that there is less unemployment, that times are more prosperous and that our trade has increased tremendously.

Mr. DUNNING: Are we going to permit a general debate that covers the whole world? I do not want to stop any discussion of the resolution, but—

The CHAIRMAN: The hon. member has a perfect right to speak on the resolution before the house, but I would ask him to confine himself to that.

Mr. LANDERYOU: I had the assurance of the Minister of Finance that when we got into committee of the whole there would be no restriction placed upon the observations I wanted to make.

Mr. DUNNING: Dealing with the subject, of course.

Mr. LANDERYOU: This is dealing with the subject. In spite of the claims of the Liberal party, debt and taxation are still going up.

The CHAIRMAN: I would inform the hon. member that it is the chair that decides who is in order and who is not.

Mr. LANDERYOU: I agree with that. I was simply pointing out the fact that in spite of these promises—this has a direct bearing upon the question—we are borrowing $750,000,000 and increasing the debt and taxation of this country. That is the point I am trying to establish. From time to time they point out the increase in foreign trade, that we are now fourth among the trading nations of the world, but still we have to borrow money, still our taxes go up and still our debt increases. That is the point. Do we have to capture the trade of the world before we can reduce our taxation and borrowings? Do we have to feed the world before we ourselves can eat? That is the question I am asking of this government. The Liberals claim that we have democracy in this country. True, we have certain political rights and certain liberties, yet we are in financial bondage because of the financial policy pursued by the present administration, and it looks as though this is to be perpetual bondage. Last year I asked the government a question which was answered by the Minister of Finance. I asked if the government had in mind any plan which, if pursued, would substantially reduce and eventually pay off Canada's national debt in a period of, first, thirty years; second, fifty years, and, third, one hundred years, and, if so, in what way would this policy differ from the policies pursued during the past thirty years. His answer was: This is a matter of government policy. This year a similar question was placed on the order paper by myself, and it was ruled out of order by the Speaker. This question must be answered. Why all the secrecy about it? Is the idea that the less the people know, the more they can be fooled? That seems to be the whole idea behind this thing—hush up the debate on finance—do not let the people get to understand exactly what Canada's position is in regard to these matters.

A number of people falsely assume that the present financial system is responsible for the tremendous technological development we have witnessed in the world in the last thirty years, but it is not right to say that finance is responsible. Scientists and inventors, with the aid of skilled and unskilled workers, are responsible for the technological development.

The CHAIRMAN: Order. The hon. member is again out of order, and I would ask him once more to confine himself to the resolution before the committee, which reads:

That the governor in council be authorized to raise by way of loan under The Consolidated Revenue and Audit Act, 1931, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

Mr. LANDERYOU: Mr. Chairman, the resolution calls for the raising of $750,000,000 for paying or redeeming the whole or any portion of the loans or obligations of Canada. That is a large sum of money. It is just twice the amount of all the cash in the Dominion of Canada; it is greater than the entire debt of Canada in 1914; so it is worth considering.

The CHAIRMAN: I would point out to the hon. member that the amount of money involved has no bearing on the question whether the hon. member was out of order.

Mr. WOODSWORTH: I beg pardon, Mr. Chairman. I hold no brief for the social credit party or their ideas, but I would submit that in discussing the amount of money involved he is quite in order.

Mr. DUNNING: I think there was a misunderstanding.

Mr. LANDERYOU: As I was saying, $750,000,000 is a large sum of money. This resolution indicates that the government still believes it can borrow its way out of debt or tax its way to prosperity. I should like the Minister of Finance or any member of the Liberal or Conservative party to inform this section of the house just how we are going to lower taxation and get out of debt under the present debt-creating system.

Mr. DUNNING: You tell us.

Mr. LANDERYOU: In a few moments I am going to move an amendment which will at least indicate in part my answer to the minister's question.

The Minister of Finance has referred on numerous occasions to hoary fallacies. There is no more hoary fallacy than that now being pursued by the Minister of Finance and his government. They still believe they can borrow themselves out of debt or tax themselves into prosperity.

Mr. DUNNING: I never believed it in my life, and on a point of order, Mr. Chairman, the hon. gentleman cannot attribute to me statements of that kind. I never made any such statement. I don't believe it, and I don't expect to.

Mr. LANDERYOU: I said, "this resolution indicates—"

Mr. DUNNING: You did not.

Mr. LANDERYOU: My words are in *Hansard*.

Mr. DUNNING: Yes, they are there.

Mr. LANDERYOU: I said that the resolution indicates that the Minister of Finance and those supporting his policy still believe in that hoary fallacy that you can borrow yourself out of debt or tax yourself to prosperity.

Mr. DUNNING: It does not indicate anything of the sort.

Mr. McLEAN (Melfort): Perhaps the hon. member for Calgary East (Mr. Landeryou) would tell us how the resolution indicates that. It is simply for the purpose of repaying what is already due.

The CHAIRMAN: The hon. member for Melfort is out of order unless he is speaking on a point of order.

Mr. LANDERYOU: There is a great deal out of order with this present financial system, Mr. Chairman. I have received a number of inquiries along this very line: When are we ever going to stop borrowing? When are we ever going to be able to reduce taxation? Here is a list of questions sent to me by a man in Nova Scotia, and he says that the people of Canada are demanding that these questions be answered:

1. Who created the money and credit which the nation now owes as a debt?
2. To whom do we owe our financial debt?
3. Is it possible for Canada to pay off this debt?
4. If so, how can it be paid?
5. If it can be paid, why don't we pay it?
6. If it can never be paid, why continue to fool the people by enslaving and starving them to pay interest on a debt that can never be repaid?
7. Is it true that with interest Canadians would have to pay more money to meet their debt than is in existence in Canada? More than was created and loaned in the first place?

Mr. KIRK: What is the name of the writer?

Mr. LANDERYOU: It was written by a friend of mine in Nova Scotia. I have no intention of giving his name in public. The hon. member can see his name if he likes to come to my room.

Mr. GRAY: Did the hon. member answer the question?

Mr. LANDERYOU: I received letters not only from Nova Scotia but from many other sections. More and more the people of Canada are beginning to ask these questions. If hon. gentlemen want names, here is an address by the general manager of the Bank of Montreal.

Mr. FOURNIER (Maisonneuve-Rosemount): The hon. member has not given us the name of the other writer.

Mr. McLEAN (Melfort): He has spread the letter on *Hansard* without anyone vouching for it.

Mr. MACKENZIE (Vancouver): Mr. Chairman, the hon. member for Calgary East a moment ago quoted a document and according to the well-established rule of the house and in committee he must disclose the name of the writer.

Mr. LANDERYOU: Mr. Dixon. I quote now from an address by Mr. Spinney, general manager of the Bank of Montreal, who, in speaking of Canada's debt burden, is reported as follows:

Sherbrooke, Que., Jan. 24.—Canada's debt burden gradually is lowering the general standard of living, G. W. Spinney of Montreal, general manager of the Bank of Montreal, said in an address prepared for delivery to the associated boards of trade of Quebec eastern townships to-night. The indifferent attitude towards mounting government debts threatens the country's welfare, he said.

Mr. Spinney stressed the seriousness of the drain relief expenditures and railway deficits made upon the country's resources without showing tangible returns and he urged that effective action be taken towards practising government economy and solving the unemployment and railway problems. "A great deal is heard nowadays of the effectiveness of the totalitarian states and it does seem to be a fact that unless general government administration is improved, the very foundations of our democratic forms of government may be threatened," he said.

"The primary threat to the welfare of this country lies in our indifferent attitude towards mounting debts. Federal and provincial government indebtedness is ever on the increase and some municipal bodies are shaping their courses in the same direction. Let us consider how our capacity to pay is keeping pace with the growth in our promises to pay.

"Comparing the year 1937 with 1927, we find the annual national income of the country is less by something like $1,230,000,000. On the other hand, the total of dominion, provincial and municipal direct and guaranteed debt had increased in the same period by some $2,620,000,000. In other words, while the wherewithal to enable us to pay our contractual obligations has shrunk in the last decade, we have in the same period substantially increased the total of our borrowings.

"Something seems to be out of kilter here because we are obviously making promises which our present growth in wealth and income does not appear to justify."

Severe criticism has been cast on the province of Alberta for its technical default. Alberta simply said to the bondholders, "we have not the money to pay and so we will give you half the interest." Now, which is the more honest, or dishonest—the policy of a government which says, "we will tell you frankly the position," or the policy of a government which tries to hide the truth from the people when it knows full well that these debts can never be paid? That is the position.

An hon. MEMBER: If they can be paid, tell us how.

Mr. LANDERYOU: Yes; if they can be paid, tell us how. This government claims to have complete control over the issue of money and credit: why doesn't it issue it; why does it continue this policy of borrowing? I remember the statements made by the Liberals before the 1935 election, that the control of money and credit was not of concern to the banks only but of direct concern to every man, woman and child in the country. I remember that they were going to take over the control and issue of money and credit, restore it to parliament, and issue it in terms of pubic need. But they still pursue the same old policy of borrowing themselves out of debt and taxing themselves to prosperity. They argue now that they have complete control of money and credit. But what have they offered to the muncipalities and the provincial governments as a solution of their financial problem? Just in that regard I want to say a few words about the situation in the provinces. I notice that I have only a few minutes, so I may not be able to go into it at this time.

Some hon. MEMBERS: Go ahead.

Mr. LANDERYOU: Well, then, I will refer to the municipal indebtedness as given here in a supplement to the review of the activities of the Montreal board of trade, volume 5, No. 2, November 1937. In regard to the municipal debt, table No. 14 gives the gross total bonded indebtedness of all classes of municipalities, 1926 to 1934. We find there a continual increase in the bonded indebtedness of municipalities; evidently they still think they can borrow themselves to prosperity or tax themselves out of debt. In 1926 the debt was $1,050,206,121, and by 1934 it had increased to $1,452,850,565. Steadily it has been on the increase. And what does H. Carl Goldenberg say in relation to the fiscal position of these municipalities?

1. The duties and responsibilities of municipalities have increased without a proportionate increase in the power to raise the revenue necessary to meet their new obligations;

2. Having regard to these increasing duties and responsibilities; real property, the principal revenue, is no longer an adequate basis of taxation:

3. Declining revenues accompanying diminished assessments and increased rates have necessitated a greater resort to borrowing, thereby increasing still further the charge against real property and discouraging new construction and home ownership.

4. Debt charges and the increasing cost of social services and particularly of unemployment relief are absorbing a continually increasing proportion of annual revenues and are tending to paralyze normal municipal services;

5. Forced economies in current municipal services are resulting in a huge accumulation of deferred maintenance and expansion.

6. Having regard to the heavy burden of debt charges, further economies in ordinary expenditures can afford no material relief to the taxpayers of the municipalities.

There are the financial problems of municipalities. What has this government offered to them as a solution of those problems?

Then, in respect to the provinces, in the presentation of the case for Alberta, at page 376, under a heading, "Provincial Debt and Finance" as shown in clause 4, I quote:

The urgency of the general debt situation requires that the dominion government should deal immediately with the civic, municipal and private debts of the province, or provide facilities for the provincial government to meet the situation.

Further in part 2, chapter 1, clause 7, under the heading.

Mr. DUNNING: What is my hon. friend quoting from?

Mr. LANDERYOU: From the case of Alberta.

Mr. DUNNING: What case?

Mr. LANDERYOU: It is a brief submitted to the sovereign people of Canada by the province of Alberta. It was not submitted to the Rowell commission.

Mr. DUNNING: No, it was not submitted by the Alberta government to the commission.

An hon. MEMBER: Why?

Mr. LANDERYOU: Under the heading, "Alberta's case in Summary", we find the following:

Coincident with these vast resources which are at the disposal of the province we find—

(a) 52,000 persons on relief, living at a very low standard. Of these, 10,000 represent unemployed persons—or a reserve of labour which could be employed in much wanted production.

(b) Total taxation—dominion, provincial, civic and municipal—representing depletion of already inadequate incomes—is estimated at $48,563,276 or about 30 per cent of the net income of the people available as purchasing power for consumers' needs.

(c) Debt charges and payments would, in existing conditions, represent a further 25 per cent of gross income—the main burden of this falling on producers and traders.

(d) The income of the province is depleted further by the extortionate freight charges which have to be paid by the people for both goods sent out of the province and goods brought into the province—with the disadvantage of selling in an uncontrolled market and buying in controlled markets.

The CHAIRMAN: Order.

Mr. DUNNING: As I intimated, I cannot go on this evening. My hon. friend, I take it, does not want this to carry.

Mr. LANDERYOU: I do not want it carried at the moment. I want to pass an amendment.

Mr. MACKENZIE (Vancouver): The hon. member cannot do that.

Mr. LANDERYOU: I wanted to move an amendment.

Mr. DUNNING: Then, Mr. Chairman, I will ask you to report progress and ask leave to sit again. If I cannot get the resolution carried now, I cannot. I appreciate the co-operation of my hon. friends immediately opposite.

An hon. MEMBER: The minister will have to answer some of these questions.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

CITY OF OTTAWA AGREEMENT

AUTHORIZATION OF PAYMENT OF $100,000 FOR THE YEAR ENDING JULY 1, 1939

Hon. P. J. A. CARDIN (Minister of Public Works) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize the Minister of Public Works on behalf of his majesty to enter into an agreement to pay to the corporation of the city of Ottawa the sum of $100,000 for the year ending July 1, 1939.

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

Mr. CHURCH: I do not wish to oppose this vote; I think it is a very good one; but there are one or two points about this agreement which I think should be explained to

the committee. It would be a good thing if the federal district commission were to take the members of the house around a bit and show them what work is being done. I do not say there is duplication, but I refer to one or two points of this agreement.

The agreement started in 1920 at $50,000, then went to $75,000 and now it is $100,000. First there is the question of snow cleaning. At the present time the city of Ottawa is doing very good work in that connection. Snow cleaning is done partly by the city, and then there are in the city a number of parks and driveways and federal property on which the roads are cleaned and kept in repair by the federal district commission. The basis of the $100,000 payment is consideration for services rendered by the city of Ottawa to the government: water supply, police, fire protection and other civic services. There is a principle underlying this. The principle follows what was done in the capital cities in New Zealand and Australia; they receive something in exchange for the civic services given. For example, in New South Wales the government maintains the police force; in other places, the fire department. There are other cities in Canada where there are these federal buildings—Montreal, Toronto, Hamilton, Winnipeg, Vancouver. They give the federal authority the very same civic services which Ottawa is giving, and good services; yet this principle is not applied to these places. It should apply. The Ontario government are giving to the municipalities part of the liquor licence revenues. The municipalities are now demanding something from the fees collected for motor vehicle licences. Some years ago the dominion government took from the municipalities the income tax. From confederation down to 1918 the income tax was the exclusive field of the municipalities. In 1918 the government no doubt needed the money on account of the war expenditures and they imposed a duplicate tax. In some provinces there is a triplicate tax on incomes. The Ontario government has taken the municipal income tax away altogether and established a flat rate for the province, which, some say, works a hardship to the larger municipalities especially. I am not objecting to this Ottawa vote; I am glad to see Ottawa get it, but the same principle should be applied to other places, when one considers how the municipalities have had their field of taxation invaded by federal and provincial power.

This $100,000 is not all. Parks, playgrounds, squares and driveways within the confines of the municipality of Ottawa are maintained at the expense of the dominion. From the annual report of the federal district commission for the year ending March 31, 1936, it will be seen that there was a contribution of $217,000 from the dominion. Then the report goes on to refer to these public improvements within the city of Ottawa. The city I come from is paying for roads for fifteen miles around the city through the Toronto highways commission, and also for No. 7 highway to Brampton it is paying about $200,000 on capital and maintenance. Then, in the city of Ottawa the federal district commission pays for certain municipal services on these parks, driveways and squares. In Toronto we have a harbour commission, and we might just as well ask the dominion to pay for University avenue, Fleet street, the exhibition park, waterfront and other places in the riding of the hon. member for Parkdale (Mr. Spence). The report of the federal district commission refers to 137,100 perennials and annual flowering plants sent out from the commission's greenhouse at Rockcliffe to be planted in the commission's parks and government grounds throughout the city, as well as a number of trees and shrubs. Then there is $58,385 for construction and development, including new greenhouses, Elgin street subway improvements, and so on. The total disbursements amounted to $244,389. That also covers the amount spent on Rideau Hall and the grounds, improvements, maintenance and so on.

The CHAIRMAN: I would ask all hon. members to keep order. It is very difficult for the *Hansard* reporter to hear the remarks of the hon. member who has the floor.

Mr. CHURCH: Last year we provided another Ottawa district vote of $100,000 for the acquisition of land and for surveys in connection with a national parkway in the Gatineau valley district and the Laurentian hills, and I should like my hon. friends to listen to this. It is said we do no work here, but some of our friends in another place in this building have gone on a sit-down strike, and on three weeks more holidays, expecting us to do all the work. That is not what they do in the senate in Washington, the Ottawa of the south. There they stay on the job, and it is not hard for them in their senate to find work. Speaking of the unemployed, I think the other chamber should take up this problem. Why do they not do something about it as they did in the senate in Washington in 1927?

To return to the question of $100,000 for the new Gatineau and district park, the learned and respected clerk of the house gave

an address a few years ago in regard to what could be done to improve this city and district and make it fit to be the capital of this great country. I think from what I saw of that address the clerk would have made a good parks engineer. I do not see the hon. member for Wright (Mr. Leduc) in the chamber, and I hope he will not think I am objecting to this second item. He has a splendid historic county and district, and I do not object to the creation of a national park there; far from it. But I believe that with the present unemployment situation, when we cannot provide the necessities of life for our own people, we should exercise a little care in the expenditure of our money. I believe we are tearing down too many buildings in Ottawa, and ruining the continuity of business on some of the business streets. That is particularly so here in Ottawa. The assessment here has been reduced and the city is losing a large amount of money every year. All this money has to be provided in some way. In the ordinary city expenditures in connection with parks, their expenditures are charged to capital, but I understand that under this government agreement these moneys must come out of income.

It was said by the two Ottawa newspapers that I was unfair to this city. That is not so. I should like to see Ottawa get everything it is entitled to, because I think they have a good city government here. But I do say the government is taking away the revenues of the large municipalities; in addition those municipalities are charged with the cost of relief, and I submit that other places should get equality of treatment. The Minister of Labour brought down a program to provide works for the relief of unemployment in the municipalities, and he also announced that the new division of the cost of direct relief would be forty per cent by the dominion, forty per cent by the province and twenty per cent by the municipality. What does the province of Ontario do? It takes the forty per cent which it is supposed to give the municipalities, chisels it down to about twenty per cent for January, February and March of this year, and does not give them the forty per cent expected for three months.

We should follow the practice that is followed in Australia, where the federal government grants a subsidy, bonus and subvention to the municipalities in compensation for the tax-exempt federal properties and the municipal services rendered, or gives them a share of the income tax collected. In some of the states to the south the state capital is given a subsidy in compensation for certain municipal services, but in Canada this government gives nothing, except to the city of Ottawa. In the city of Hamilton, for example, the municipality has to supply police protection, fire protection, local improvements and so on, and the city gets nothing in return for aid to the federal government. I think the time has come when we should have equality of treatment by the federal power in regard to these municipal services. I do not oppose this vote; I am not opposed to the creation of the Gatineau park, but I do think it is time something was done for the other municipalities. Real estate is being burdened as a result of these federal and provincial taxes so that to-day the holding of real estate is a liability. Mortgages are being foreclosed and industrial workers are being put on the street as a result of the heavy taxes on real estate for relief. As you no doubt are aware, Mr. Chairman, the taxes on an average property constitute a rent in themselves, and the taxes on the homes of workingmen are about twice that. It really amounts, in many instances, to confiscation of property. No wonder the home building program has not been a success, when one considers the way in which these taxes are put on real estate. A man may own a property with a first mortgage, a second mortgage, a chattel mortgage on some of his goods, a bill of sale on the remainder, a lien note, a building lien on the property and every other kind of lien. So he cannot qualify for a loan either from a bank or from a shark loan company.

I hope the minister will take some action in the near future to remedy this situation. In Toronto we have a federal building on Front street covering nearly a block, on which no municipal taxes are paid. The city has to supply that building with fire and police protection; it has to furnish water at cut-rates; it has to construct a road and sidewalk in front of the property, and all that sort of thing. When Sir James Whitney became premier of Ontario, he introduced a policy under which the provincial government paid for local improvements such as sidewalks in front of provincial public buildings, parks and so on. If that is not done, the cost of these works has to come out of the general tax rate, and it becomes a burden on real estate. So I believe we have come to a time when the government must do something in order to help real estate and give other cities something. Otherwise we shall be carrying on a policy of favouritism, robbing collective Paul to pay selective Peter.

What is the principle of this legislation? These are moneys to which other municipalities in Canada are entitled too. What kind of legislation is that? Would the hon. member for Parkdale adopt such a principle in connection with his York highways commission? I hope some hon. members will have the opportunity of travelling on some of his highways, because he has a fine type of highway there.

I say the time has come for a change in principle whereby some of these moneys might go to the other cities and towns in which the other 243 members live, so that they may get the same treatment as the city of Ottawa.

Mr. BARBER: Is the vote of $100,000 supposed to compensate Ottawa for the property which has been removed from the assessment rolls, and therefore no longer revenue producing so far as taxation is concerned? I might point out to the minister that it is the opinion of several people in this city, particularly business men, that the removal of property from the assessment rolls, property which has been taken over by the federal government, has imposed a heavy burden upon the other taxpayers of the city. It is suggested to me that if the federal properties were called upon to pay taxes, instead of the sum of $100,000 the cost would be close to $1,000,000. I should like to have the minister's opinion as to the object of the payment of $100,000?

Mr. CARDIN: May I say to the hon. member who has just taken his seat that the question he raised was discussed in 1920 when this agreement became effective. At that time the city of Ottawa made a heavy claim on the federal government for compensation for the very things the hon. member has just mentioned. They claimed that because the federal government was taking over or expropriating certain properties the city was being deprived of taxes which otherwise it would derive from those properties. Upon that occasion they made a claim, although at this time I do not remember exactly what the amount was. As a result, however, of discussions between representatives of the city and the government an agreement was reached whereby all those claims would be wiped out, and the city of Ottawa would undertake to protect federal buildings from fire and, in addition, supply the water used on the parks for sprinkling purposes.

The sum of $100,000 has been paid to Ottawa since 1925 or 1926. Prior to that time, under the terms of the agreement of 1920, the annual grant was $75,000. Those payments have been made for the services I mentioned, namely fire protection and sprinkling service, and, if not directly, at least indirectly to help to compensate for loss of revenue in taxes. Such a compensation was claimed by the city when discussion of an agreement took place in 1920. The agreement has been renewed every year, and the resolution now before us provides for the introduction of a bill to renew the agreement for another year.

The federal government has been paying the city of Ottawa certain sums of money for a very long time. The first payment was made in 1899 for the reasons pointed out by the hon. member. Since that time the federal government has continued to contribute money to the city. I believe I am free to say that the agreement is not wholly satisfactory to the city. I am informed the city council had in mind asking the federal government for an increase to at least $150,000. The federal authorities, however, thought the present amount was a proper one and could see no reason for increasing it, particularly in view of the fact that we are making other expenditures in Ottawa which in certain ways help to relieve the situation so far as unemployment is concerned. We have thought that for this year at least it would be fair to renew the agreement as it is and pay the same amount as we paid last year.

The hon. member for Broadview (Mr. Church) mentions the fact that other cities might claim the same privileges. That has been considered. But if we began to apply the same principle and attempted to compensate all cities in Canada where there are public buildings, I am afraid very serious complications and difficulties would arise in adjusting the claims of the different cities.

There is justification for the present vote for the city of Ottawa, because it is the capital of the country. We are supposed to be a little more generous towards the capital city than towards other cities. In addition to that, the federal government has much more property in Ottawa than at any other point in Canada, which may serve as an additional justification for the payment to this city. I know there are public buildings in Montreal and Toronto, but the value of those properties does not compare with the value of federal government properties in Ottawa. Although I should like to see something done in other Canadian cities, I am inclined to be a little more generous towards Ottawa, a capital city of which we are proud, and for which we ought to do the best we can, according to our financial ability to provide developments and betterments.

Mr. HEAPS: I have no objection at all to, in fact I support, the vote for $100,000 which the government intends to pay to Ottawa in lieu of taxes and other revenues of which the city is deprived by reason of the federal buildings. But I think, taking it all in all, our federal government treats Ottawa in a fairly generous way. I have not the slightest objection to the improvements which, as a matter of policy, the government are bringing about in the city. In fact, I approve most of them. But at the same time the people of Ottawa are not appreciative of that very fact. They seem to accept these things as a matter of course. There is really no compulsion upon the government to go to all the expense they have incurred over a period of years to beautify the city and to make it a worthy capital of the Dominion of Canada.

There is no city in the dominion which receives anything like the amount of support from either a provincial or federal government that is received by the city of Ottawa. And, as was pointed out by the hon. member for Broadview (Mr. Church), the federal government provides parks and driveways in the city which in all other cities of the dominion are entirely a municipal responsibility. Going back over the years I can find nothing worth while calling an improvement that has been initiated and carried out by the people of this city. I have made inquiries on the point and have tried to learn about anything by way of beautification of the city which has been done by the city, but so far I have been unable to find anything whatsoever.

I do not know the exact amount that is being spent by the federal government upon what might be called purely civic enterprises, such as parks, playgrounds and other schemes of beautification, but I believe the amount would run into many millions of dollars. The amounts mentioned a moment ago by the hon. member for Broadview when he was speaking of the money spent by the government in Ottawa did not cover everything. I am wondering whether the Minister of Public Works has in his possession information as to the full amount spent in Ottawa each year by the federal government. I am not asking for the salaries paid to people employed by the government, but I should like to know what it costs the government, so far as Ottawa is concerned, to maintain these parks and driveways, to pay for the removal of snow from the streets and to keep up other improvements which in other cities are looked upon as entirely civic matters. I wonder if the Minister of Public Works has that information with him at the moment.

Mr. CARDIN: I regret I am not in a position to give that information to my hon. friend, for a very good reason. The works which he has just mentioned are carried on by the federal district commission, which is not under the Department of Public Works. That commission speaks in this house through the Minister of Finance. I believe my hon. friend could get the information he is asking for from the report of the federal district commission. If my hon. friend is interested in having that information, I can have the figures prepared for him.

Mr. HANSON: I have pleasure in supporting this resolution. I supported resolutions in former years when the hon. member for Leeds (Mr. Stewart) was Minister of Public Works. I think all members, no matter from where they come, should support this vote. After all, any impression that a foreigner may gain of our country is helped by the impression he gets of our capital city. I believe this money has been efficiently administered by this and former governments. This is a resolution that should not require much discussion, and I am glad to give it my support.

Mr. HAYHURST: I should like to associate myself with the last speaker, the hon. member for Skeena (Mr. Hanson). I feel that Ottawa should be a beautiful city. A thing of beauty is a joy forever, its loveliness increases and it will never pass into nothingness. If there is anything that can be done by way of relief for the people, I think it should be something that will add beauty to our cities. We should be willing to do all we can to help to make Ottawa a beautiful city. I believe this $100,000 can be put to doing good work at this time, especially with the great plan they have in mind for the beautification of the city. This is an annual grant. I am certain that Ottawa has become much more beautiful since we came down here. Beauty is truth, and truth is beauty. That is all we know in this world, and all we need to know.

Mr. SPENCE: Mr. Chairman, there is no doubt that the hon. member for Skeena (Mr. Hanson) is willing to support a proposition of this kind. He got a very nice building in his little town. I do not begrudge him it; I only hope that Prince Rupert grows to a size where that building will be in proportion to the size of the town. Everyone seems to be willing to support this vote of $100,000, so I am not going to oppose it. However, as the hon. member for Broadview (Mr. Church) said a minute ago, certain other cities in Canada should also receive some consideration. The hon. member referred to the many services rendered by Toronto. There are in that city

a great number of public buildings from which the city receives no taxes. I think the Minister of Public Works should include something in the estimates for Toronto to cover the work that city is doing.

I understand the city has been communicating with the Minister of Labour in an effort to obtain a grant to help in the construction of a sewage disposal plant. We have a plant now, but it is inadequate. It is almost dangerous because some of the sewage is running into the lake without being treated properly. A proposition of that kind would employ thousands of people for the next two or three years, and better results would be obtained than if the money was spent in many other ways. It will cost about $15,000,000, and I understand the provincial government has offered to pay twenty-five per cent. The city was hoping that this government would pay twenty-five per cent, which would leave about eight million dollars for the city to spend itself.

Mr. MacINNIS: Does that come under beautification?

Mr. SPENCE: No, it is better than beautification; it has to do with the health of the people. We do not want our lake polluted with sewage from any city. This matter should receive attention. I hope the Minister of Labour, with all the money he has under his control, or the Minister of Public Works, will see that this is done. It would be something of lasting credit to this government and to this country. The taxpayer of Toronto has been literally overwhelmed paying taxes. Relief there is getting worse and worse every year. No matter what anyone may say, relief in Toronto is getting no better.

The hon. member for Broadview referred to the Toronto and York roads commission. At one time I was chairman of this commission, and I have been a member for the last twenty-four years. When my hon. friend was mayor of the city, an arrangement was made between the county of York and the city of Toronto whereby the city paid twenty-five per cent of the cost of maintaining roads extending all over the county. The provincial government was to pay fifty per cent of the cost. This arrangement covers roads extending out as far as fifty and sixty miles to the borders of Ontario, Peel and other counties. No doubt York is a rich county and has done great things in its time. There are over 400 miles of roads in York. The present chairman of the roads commission is my old-time friend, Senator O'Connor. I am sorry to say that he has been ill in Florida, but perhaps hon. members will be glad to know that a letter was received last Monday by the commission stating that he was getting better and expected to be back by the middle of April or the first of May.

I am tired of hearing people call Toronto a hog town. "Hog-town" pays a great deal of money to this government by way of taxation. Just consider the business done in the post office and the money taken in at the customs.

Mr. BAKER: More income tax is paid there than in any other city in Canada.

Mr. SPENCE: We cannot take all the credit for that because Toronto is the centre of the district. But I do get sick and tired of people referring to Toronto as "hog-town." I have lived in Toronto for forty-eight years and I have been behind every big municipal proposition and development carried on in that city. I have supported the program of bridge construction, road building, the improvement of the harbour front and many other useful developments. I am proud of Toronto at all times. Not only has it contributed largely to the building of roads in the county of York, but it contributed $200,000 to Ontario towards expenditures in other counties of the province. So don't talk about Toronto being Hog-town. Toronto is doing more to build up that portion of the country than this government is doing here.

Mr. STEWART: Mr. Chairman, as I recall this agreement and the bill that is proposed to be founded upon it, it is for the purpose of compensating Ottawa for certain specific services which are rendered by the city. We have been discussing beautification, but that is entirely a separate matter and does not come under this resolution at all. There is only one feature of the discussion to which I wish to refer, and that is the suggestion that Ottawa has lost a considerable sum in taxation by the removal of certain buildings, but if a careful check-up were made I think it would be found that other buildings were erected to take the place of those torn down and that the city is getting the benefit of the assessment on these new buildings. I recall in particular one building on the south side of Sparks street which is assessed for a great deal more than the many small buildings that were removed from the area in question.

Mr. BARBER: What about the land though?

Mr. STEWART: The buildings must be erected on other land, and the land is still assessed. There has been also an increase in the assessment of many properties bordering

on these improved areas. So, on balance, I think it would be found that Ottawa has lost nothing, or practically nothing, in assessment through the removal of different buildings. The resolution and the bill are based upon an agreement, and until a new agreement is made there is no alternative then to pay the amount stipulated.

Mrs. BLACK: Mr. Chairman, I should like to join with the hon. member for Skeena (Mr. Hanson) and say that I feel we can hardly do too much for Ottawa, for, after all, all trails lead to the capital city of this dominion. The capital city of Canada should be a city of which every member of the house and every person in Canada may be proud, and I am only too glad to support the resolution.

But when Ottawa complains of loss of revenue through the taking over of property by the government, may I point out that if it were not for the government of Canada being located here, Ottawa would be nothing but a little country town. Hundreds of thousands of people are attracted here every year who would under no circumstances come to Ottawa unless it were the seat of the national government. So I think we can take the complaints of Ottawa citizens with just a grain of salt. I am going to support the resolution.

Mr. NEILL: I do not wish to oppose this resolution, but as a matter of curiosity I would ask the minister this question. I understood him to say that the major portion of this amount goes to compensate the city of Ottawa for taxes they have lost through the taking over of property.

Mr. CARDIN: No. It is to compensate the city for providing fire protection for federal buildings and for the supply of water which is used by the federal government in the government parks.

Mr. NEILL: I know the minister said that, but I think *Hansard* will show that he also said it was to provide compensation in lieu of taxes that had been lost.

Mr. CARDIN: Possibly I did not express myself correctly. Before the first agreement was made between the city of Ottawa and the federal government, the city had built up a big claim against the federal government for compensation for loss of revenue on account of the expropriation of private property. That was all discussed at the time, but the agreement does not take that claim into consideration at all. The agreement is to provide compensation for the two services I mentioned, fire protection and the use of water in the parks.

[Mr. Stewart.]

Mr. HEAPS: What is the actual value of the land and buildings owned by the government in the city of Ottawa and exempt from taxation?

Mr. CARDIN: I could not say offhand, but it would run into millions.

Mr. HEAPS: If we had that information it would give us some idea of what we are getting for the $100,000. I have no objection to this resolution. In fact, I have supported everything the federal government has done in the city of Ottawa, and I would have supported them in going a little further than they have gone in the past. But when we are providing $100,000 for compensation for fire protection and water service, I think we ought to have some idea of the value of the buildings that are being served and the assessed value of the land as well.

Mr. CARDIN: I could not state the value at the moment, but the agreement covers all federal buildings in Ottawa. I do not think any actual figure was arrived at when the agreement was made. The agreement was reached after a discussion of a number of subjects advanced by the city in those days, but the agreement itself states that the $100,000 is paid as compensation for the services I have just mentioned. I can undertake to ascertain the total amount of government property that is protected against fire by the city.

Mr. HEAPS: Would the minister when he gives us that information give us a detailed statement of the various buildings so that we can form our own conclusions in the matter?

Mr. VITAL MALLETTE (Jacques Cartier): (Translation) Mr. Chairman, I should like to see this vote carry without any further discussion. But in case the Minister of Public Works (Mr. Cardin) should be influenced by the eloquent pleas made by the hon. members for Broadview (Mr. Church) and Parkdale (Mr. Spence) on behalf of the city of Toronto, I wish to remind him of the existence in Quebec province of a large "village" called Montreal where several buildings belonging to the federal government are exempt from municipal taaxtion. I doubt whether the appeal of my two hon. friends will be heard beyond this chamber, but in case it is I wish to make the same request on behalf of the city of Montreal.

(Text) Mr. CLARKE (Rosedale): Mr. Chairman, as regards this resolution to provide $100,000 for Ottawa as compensation for fire protection and water services, while I am quite

in accord with the expenditure of this money, I do think there are other cities in Canada which should receive their relative proportion of public moneys expended.

Mr. HANSON: There is only one capital of Canada.

Mr. CLARKE (Rosedale): I quite understand that, and I am sorry the hon. member for Skeena thought it necessary to interject that remark. There is not a school child who does not know that Ottawa is the capital of Canada. But I rose to suggest to the minister that he grant proportional compensation to other cities which have dominion public buildings that are exempt from municipal taxation, and in that way relieve the overburdened property owners in the various cities. I hope the minister will take that suggestion into consideration.

Resolution reported, read the second time and concurred in. Mr. Cardin thereupon moved for leave to introduce Bill No. 25, to authorize an agreement between His Majesty the King and the corporation of the city of Ottawa.

Motion agreed to and bill read the first time.

FISHERIES ACT, 1932

ASSESSMENT UPON OWNERS OF OBSTRUCTIONS TO ASCENT OR DESCENT OF FISH IN STREAMS

Hon. J. E. MICHAUD (Minister of Fisheries) moved the second reading of Bill No. 15, to amend the Fisheries Act, 1932.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

The CHAIRMAN: Clause 1—Repeal.

Mr. NEILL: Before clause 1 is dealt with I should like to introduce an amendment to a section which comes prior to this one, which is section 57. The section I want to amend is No. 32. I therefore move:

That section 32 of the Fisheries Act, 1932, chapter 42, is hereby amended by inserting the following as subsection 2 thereof:

2. No one shall use a salmon trap net in any of the Pacific waters of Canada.

I do that in order to get an opportunity to press the need of this reform in the interests of the fishing industry and of the fishermen of British Columbia, and also to give the minister an opportunity to state his policy on the matter.

It will be recalled that on January 23 of this year I asked him a couple of questions on the orders of the day. I asked him if his attention had been called to a paragraph in the Vancouver *Sun* to the effect that the senate of the state of Washington was preparing and would shortly introduce two fish trap bills that would enable fish traps to be restored in the state of Washington waters. The second question I asked was: In view of that fact, was he, that is the minister, prepared to take the responsibility of maintaining our traps, only four in number, as against their 219, knowing that the results will be that our catch in those waters will drop from 80 per cent, as it is at present, to 30 per cent, as it used to be when the United States traps were operating? The minister replied that the question of the advisability of reciprocating or of maintaining the policy of issuing fish trap licences was being considered at the present time—that is at that date, January 23, which is three and a half weeks ago. We have heard nothing more yet, and the matter will have to be decided, I should think, within the next few days in any case, because the season is coming on.

The fishermen out there have quite recently organized very strongly in this matter. They are proposing to put on a campaign of a very considerable extent and of their own accord. Last year I presented to the house a petition signed by almost 10,000 people from British Columbia against the fish traps being used any further; and now the unions of fishermen have taken the matter up. One union alone comprising 1,400 practical working fishermen are proposing, as I have said, to get up a campaign. They have support from boards of trade, the trades and labour council, and the city council. They have been stirred up by the notice I have referred to that there was the proposal to re-install traps on the Washington side, and particularly on account of the fact that the argument the trap owners on the United States side were using, are going to use, and do use, is that Canada has not kept faith and has not taken out her traps. I quote a few lines from one of the organizations:

The organized fishermen of British Columbia are at present conducting a vigorous campaign against the continued operation of the fish traps at Sooke, especially on account of the fact that Washington interests are attempting to reintroduce traps in sites over the border.

This is from another union, which says:

Our fight against the issue of fish trap licences is started again. We are holding a series of meetings and starting three petitions, one to be signed by fishermen, one by sports fishermen, and one by business men.

Then I have a record of a conference, as they call it, which was held in Vancouver on

January 23, 24 and 25, attended by delegates from the following bodies: Prince Rupert Fishermen's Cooperative Association, North Island Trollers Cooperative Association, Fishermen's Cooperative Association, Inc., Kyuquot Trollers Cooperative Association, representing over 1,400 individual fishing boat owners, and the resolution they passed was as follows, of which a copy was sent to the minister at that time:

Whereas the department of fisheries of the Dominion of Canada has promised the fishermen of British Columbia to eliminate all fish traps this coming year;—

I do not think it was this year; they promised it three years ago.

—And whereas the state of Washington is now considering the reinstatement of such traps in order to obtain its share of the fish now being caught by the traps in the British Columbia coast waters;

And whereas the depletion of the salmon run calls for strong conservation measures in order to preserve these resources;

And whereas the fishing boats engaged in the trolling, purse seining and gill netting industry are in a position to create a livelihood for a greater number of men than are at present employed by the trap owners, and at the same time provide for the better escapement of the salmon to the spawning grounds.

Therefore be it resolved that we, the members of these associations—

And I will not read them again.

—in convention assembled this twenty-third day of January, 1939, do strongly recommend to the fisheries department that all fish traps shall be completely removed from the waters of British Columbia.

I might continue and go thoroughly into the history of the matter to enlighten those hon. members to whom it is not familiar; but it might save time if I stopped here and gave the minister an opportunity to express his policy on the matter, because I am hopeful, from the representations which have been made to him and from his attitude in the house the other day, when he intimated that it was being considered, that he may now be in a position to state that he has decided to stop these traps being issued any further in these waters.

Mr. TAYLOR (Nanaimo): I am very definitely against this amendment—

The CHAIRMAN: The amendment has not been read.

Mr. TAYLOR (Nanaimo): —not only because I consider the amendment is developed in the cause of class fishing—

The CHAIRMAN: Order. The amendment is not yet before the committee. It has not been read by the chair.

[Mr. Michaud.]

Mr. TAYLOR (Nanaimo): Thank you, Mr. Chairman.

Mr. LAPOINTE (Quebec East): Do I understand that my hon. friend is giving notice that he will move such an amendment?

Mr. NEILL: No, I am moving the amendment.

Mr. LAPOINTE (Quebec East): Surely we have not reached the point where it could be moved.

Mr. NEILL: Yes, because I am introducing it as an amendment to a section which comes prior to section 57, which is dealt with by clause 1 of this bill.

Mr. LAPOINTE (Quebec East): But that section is not mentioned in the bill.

Mr. NEILL: But the Fisheries Act is open. This bill is to amend the Fisheries Act, 1932.

Mr. LAPOINTE (Quebec East): In a certain way.

Mr. NEILL: I am amending the Fisheries Act, 1932, not in the same section I admit, but another section. That, however, is commonly done. It is a well known fact that when a bill is open it is open to any hon. member to move an amendment to any other section, provided it is dealing with the subject of the bill. And the bill is to amend the Fisheries Act.

Mr. LAPOINTE (Quebec East): To amend the Fisheries Act in a certain way, with regard to certain provisions. I do not object formally to the amendment, because I am not sufficiently acquainted with the bill and the amendment of my hon. friend. But if the amendment proposed is not relevant to the matter of the bill—not the whole Fisheries Act but the matter which is the subject of the amendment proposed in the bill—I do not think the amendment of my hon. friend is in order. I might read May, thirteenth edition, page 404:

Amendments cannot be moved which are based on schedules or other provisions, the terms of which have not been placed before the committee—

This is a different matter altogether. But again I speak with certain reservations because I do not know enough—

Mr. NEILL: Could the minister quote any of our own standing orders in relation to this?

Mr. LAPOINTE (Quebec East): No, there is no standing order. I am quoting May.

Mr. NEILL: I submit our standing orders take precedence of May, and our standing orders do permit what I have suggested. Moreover, if we are going to quibble about a

technicality, I suggest that it is relevant to the section proposed to be dealt with, which relates to fish ladders or the penalty imposed for non-observance of certain rules; the object, as stated in the explanation, is the conservation of fish, and if there is anything that tends more to the conservation of fish than the abolition of fish traps I should like to know what it is.

Mr. LAPOINTE (Quebec East): If the amendment is relevant I have no objection.

Mr. TAYLOR (Nanaimo): I support the statement of the minister. Last year in this house I lost an amendment to the Canada Shipping Act for the very same reason as that advanced by the minister. If the proposed amendment is to go forward without let or hindrance, then I oppose it definitely. I have a good deal to say on this matter, because the situation has been definitely stirred up—

Mr. NEILL: I rise to a point of order. Is the hon. member discussing the point of order or the ethics of the amendment?

Mr. TAYLOR (Nanaimo): I am stating a fact.

The CHAIRMAN: In order to keep the record clear, this amendment should be read from the chair, which has not been done. The amendment is moved by Mr. Neill, to insert a new section to be known as subsection 1 of section 32:

That section 32 of the Fisheries Act, 1932, chapter 42, is hereby amended by inserting the following as subsection 2 thereof:

2. No one shall use a salmon trap net in any of the Pacific waters of Canada.

Mr. TAYLOR (Nanaimo): If I am now in order—

Mr. NEILL: I challenge anyone who objects to this on a point of order to state which of our standing orders this action of mine contravenes.

Mr. LAPOINTE (Quebec East): There would be very few points of order raised if they had to be based on the letter of a standing order. It is rather the appreciation of these standing orders and the decisions which have been rendered based on them.

Mr. NEILL: There are 130 standing orders; surely it is covered somewhere in them. It is for those who object to this amendment to point out a rule forbidding it; it is not for me to prove that no such rule exists.

Mr. LAPOINTE (Quebec East): I am going to read something else—

Mr. NEILL: I do not recognize May.

Mr. LAPOINTE (Quebec East): —which will not have the effect of defeating my hon. friend's purpose, but may delay him a little. May says:

It is irregular to propose an amendment which is irrelevant to the subject matter of a clause but it should be submitted at the end of the bill as a separate clause.

We have not yet started to consider this bill. Before we reach clause 1 my hon. friend substitutes what would be another bill altogether by moving the insertion of that new clause. I suggest that we proceed with the bill as it is; then at the end my hon. friend might move that his clause be inserted, and then we shall see whether it should be accepted or opposed.

Mr. NEILL: That is quite satisfactory, Mr. Chairman. I withdraw my amendment at this stage in deference to the Minister of Justice, who has kindly indicated the proper stage at which he says it should be brought in.

Section 1 agreed to.

On section 2—Minister may assess owner of obstruction.

Mr. NEILL: The first part of clause 2 is, as the minister stated when he introduced the bill, for the purpose of making more definite his power to collect certain sums for the maintenance of fish ladders or a substitute for those fish ladders. As far as that part of it goes, I quite agree with it. But I am doubtful about the clause which he did not mention, that is subsection 2 which reads:

Such lump sum or annual sum shall be payable at such time or times as the minister may direct—

That is all right.

—and may be sued for and recovered with full costs of suit in the exchequer court of Canada.

The previous way was that if any man did not fulfil the obligation imposed on him by the minister under section 57, then by the last clause of paragraph (d) of section 57 he was liable to a penalty of not less than $4 and not more than $20 for each day or part thereof during which such notice was not complied with. Now the minister changes that into a provision by which he can sue this man in the exchequer court and recover the amount with full costs of suit. That might result in a condition which would vitiate the very object the minister has in view. An exchequer court proceeding is a long business. If I remember rightly, the exchequer court sits only once a year on the Pacific coast. The section that was in the bill before which provided for a penalty of so much a day was easily enforced by either

summary conviction or indictment; the minister could get quick action. Assume this condition: A logger has an area of timber to log; it suits him to put a dam across the mouth of the outlet from a lake, and he stops the passage of the fish. Representations are made to the department here, and they write the logger but he does not pay any attention. Time goes on, and he is cutting his timber. Presently the minister is compelled to tell him that if he does not put in a proper ladder he will be sued in the exchequer court. The man just laughs at the minister and his officials and goes on logging. Finally the case is brought up in the exchequer court, but by the time that court sits out there and judgment is rendered the man has finished logging that area and has moved on, leaving the river ruined with nothing whatever to show for it. While I quite agree with the first part of the provision, which makes it easy and convenient for the minister to collect any sum he thinks proper, I think it would be better to retain the penalty to which this man may be liable if he puts in a dam in defiance of the government order. This penalty of $20 a day could be enforced readily and speedily by a justice of the peace or some similar court. I suggest that to the minister, who is himself a lawyer.

Mr. MICHAUD: I think the hon. member altogether misunderstood what I said when the bill was introduced. The object of this amendment is to enable the government, through the department, to collect the amount which may be assessed against any person or company interfering with the ascent of fish in certain cases; but it does not apply in all cases. If the hon. member will look at section 57 of the act, he will find in paragraphs (a), (b), (c) and (d) four provisions which enable the department to see that there are proper openings in canals or rivers for the ascent of fish. I think under paragraphs (a), (c) and (d) a case such as that mentioned by the hon. member could be dealt with. An obstruction at the mouth of a river, for example, a dam, by logs or anything else, could be opened up and the person owning the obstruction or placing it there could be fined. But the purpose of the amendment to paragraph (b) of the act is to provide for cases much more important than cases such as my hon. friend mentions. Let me read the first part of this section:

> Every owner or occupier of a slide, dam or other obstruction across or in any stream,—
>
> (a) Where the minister determines it to be necessary in the public interest that a canal around a dam or a fish-pass therein, should exist, who, after three days' notice in writing, neglects or refuses to provide a durable and efficient fishway or canal, or who neglects or refuses to maintain the same in a good and effective condition in such place and of such form and capacity as will admit of the passage of fish;—
>
> shall be liable to a penalty of not less than four dollars and not more than twenty dollars for each day or part of a day during which such notice is not complied with.

This is not affected at all by the amendment, and paragraph (b) now reads:

> (b) Where the minister determines that the provision of an effective fishway or canal around the slide, dam or other obstruction is not feasible, or that the spawning areas above such slide, dam or other obstruction are destroyed, who after thirty days' notice in writing, neglects or refuses to pay the minister such sum or sums of money as he may require to construct, operate and maintain such complete hatchery establishment as will in the opinion of the minister meet the requirements for maintaining the annual return of migratory fish;
>
> shall be liable to a penalty of not less than four dollars and not more than twenty dollars for each day or part of a day during which such notice is not complied with.

My hon. friend will readily see the difficulty of enforcing the provisions of paragraph (b), with the sanction provided at the end of that clause. There is no way of collecting the amount determined by the minister as necessary to provide for the continued propagation of fish in those waters. So, in order that the provisions of this act may be effectively enforced, we are providing for a court in which to sue and collect the amount which has been assessed. It may be said that the exchequer court is a tribunal difficult of access, but it will be seen that the amounts which may be determined under paragraph (b) may be no trifling sum. Where it is not feasible to build a fishway it may be necessary to build a hatchery, and the cost of maintaining a hatchery to replace the natural propagation that would result from the natural ascent of fish over an obstruction might be a large amount. I have in mind one case where it would be not less than $4,000 or $5,000 a year. This is to provide for cases where, for instance, substantial power dams which may be built in some waters would absolutely destroy the possibility of the natural propagation of fish.

So I believe the ordinary cases can still be dealt with, and those violating the act can be penalized, under the remaining paragraphs of this section; but we had to provide an extraordinary remedy in order that we might be enabled to collect the amount of money that might be assessed in other cases, in addition to the fine.

Mr. NEILL: In that case I suggest that the amendment has been badly drawn. In reading the section the minister forgot that it is all one sentence. It states that every owner, occupier and so on, where the minister determines, and so on, shall be liable to a penalty. It is all one sentence, and by striking out paragraph (b) and inserting the amendment the minister proposes to insert a separate section with a beginning and end to it. Apparently now he proposes to maintain the penalty as well. Is that the minister's idea?

Mr. MICHAUD: No. It is under the new section, as provided in the bill now under consideration. We are doing away with the provision whereby we can impose a penalty, but we are providing for the collection of the amount we need to pay costs of maintaining and operating the hatchery.

Mr. NEILL: I am asking for information; I am not trying to obstruct.

Mr. MICHAUD: I understand.

Mr. NEILL: Does the minister not think it would have been better to have left paragraph (b) as it is now, which says that every owner or occupier, where the minister determines that the provision of a dam is not sufficient—and it needs a hatchery, to put it bluntly—who after thirty days' notice in writing neglects or refuses to pay the minister such sum or sums of money as he may require to construct, operate and maintain such complete hatchery as will in the opinion of the minister meet the requirements, shall be liable? The minister takes that away, as he now tells us. He is taking away that penalty and is providing for an action in the exchequer court of Canada. Why not have kept the section as it was and, instead of saying "pay a lump sum," say "pay a lump sum or annual payment." Then if the minister did not order it to be paid—suppose it was $5,000—he would still have his right to recover, and in addition he would have the penalty of $20 per day for non-fulfilment. Would that not be better than the expensive, long drawn out and possibly futile method of going to the exchequer court? Does it not take nearly a year to get an ordinary case into the exchequer court?

Mr. MICHAUD: Yes. I think we could not attain the object that we have in view, were we to leave the clause to read as the hon. member suggests. All these points were fully considered and looked into carefully. In order to put some teeth into paragraph (b) we have to provide means to recover the amount assessed against these people. They would gladly pay a penalty of $4 a day or even the maximum of $20 a day. But we could not sue them month after month or week after week and not attain our object of getting from them the $5,000 or $8,000 a year, depending on the amount necessary. It is because we are afraid that our purpose will be defeated if we sue them for penalties rather than for the money which will be required to operate the hatchery.

Mr. NEILL: I will not further dispute the point. The minister ought to know, and his law officers should know, but I would just mention that $20 a day comes to $7,300 a year. He would get his payment in that way.

Mr. MICHAUD: But the hon. member knows it would mean instituting proceedings in order to collect an assessment in a roundabout way by having fines imposed; and then it would not be clear whether the fines which would be remitted to the department could be applied for the purpose for which the assessment is made. This provision would be ineffective, as it had been in the past. It is for the purpose of being able to apply it when necessary that we are seeking the amendment.

Mr. REID: I wonder if the minister, who has the act before him, is aware of what I believe is an anomaly in section 20 of the Fisheries Act. I believe if he will read section 20 he will find a repetition of the new section now before the committee, because they are almost similar. It seems to me that in the present bill we are repeating ourselves. Section 20 of the Fisheries Act is as follows:

> 20. (1) Every slide, dam or other obstruction across or in any stream where the minister determines it to be necessary for the public interest that a fish-pass should exist, shall be provided by the owner or occupier with a durable and efficient fishway, or canal around the slide, dam or other obstruction, which shall be maintained in a good and effective condition by said owner or occupier, in such place and of such form and capacity as will in the opinion of the minister satisfactorily permit the free passage of fish through the same. If it be determined by the minister in any case that the provision of an efficient fishway or canal around the slide, dam or other obstruction is not feasible, or that the spawning areas above such slide, dam or other obstruction are destroyed, the minister may require the owner or occupier of such slide, dam or other obstruction to pay to him from time to time such sum or sums of money as he may require to construct, operate and maintain such complete fish hatchery establishment as will in his opinion meet the requirements for maintaining the annual return of migratory fish.

The minister will notice the similarity.

Mr. MICHAUD: Is there a penalty clause provided at the end of section 20?

Mr. REID: There are ten clauses dealing with fish passes, slides, obstructions and penalties. I wonder if the minister has noticed that these clauses are somewhat similar to the one under discussion, and, if so, whether or not there might be an anomaly?

Mr. MICHAUD: No, there is no anomaly there. I believe the hon. member has an unrevised copy of the Fisheries Act. It has been revised and the sections have been renumbered. That is the reason for the apparent discrepancy.

Mr. STIRLING: Is the provision the minister is making in the amending section, 57A, to take care of dams to be built in the future, or does it apply also to those presently in existence?

Mr. MICHAUD: It will apply to those in existence.

Mr. STIRLING: In connection with an existing fall, dam or runway, where in the past it has not been considered feasible to provide a fish ladder, does the minister now propose to design a hatchery and demand payment?

Mr. MICHAUD: No, not in all cases, or arbitrarily. But when it is represented that through the construction of a fishway, dam or obstruction, the ascent of the fish is prevented and natural propagation stopped, and it is represented to be in the interests of the conservation of the fisheries to ask these people to contribute towards the artificial propagation, it is the intention to apply the act.

Mr. BARBER: Where are these hatchery establishments? I understand all of them have been closed in British Columbia.

Mr. MICHAUD: If it should become necessary to apply the provisions of this act, even to British Columbia, then it would be up to the department either to open one of those hatcheries or to build another one and charge the maintenance to those who have made it necessary. At the present time, however, there is no intention of doing that.

Mr. BARBER: It would not be necessary if there is not a hatchery?

Mr. MICHAUD: No, but it would be necessary to build one.

Section agreed to.

Mr. NEILL: Under standing order No. 76. all the clauses of this bill having now been considered, I beg to move the amendment I moved a few moments ago.

[Mr. Michaud.]

Mr. LAPOINTE (Quebec East): If the amendment has been formally moved I would move that the committee rise and report progress so that the amendment of the hon. member might be considered as to its validity and merit. Then the committee could sit another day to consider it.

Mr. NEILL: Should the amendment be put in order to have it on the record?

Mr. LAPOINTE (Quebec East): The amendment is there. If anyone thinks it is irrelevant or out of order, he can discuss the point again. The amendment is before the chair and it will be up for discussion when the committee sits again.

Mr. MacNEIL: I would ask that the amendment be read in order that the record may be clear.

The CHAIRMAN: The amendment is by the hon. member for Comox-Alberni (Mr. Neill) to insert a new subsection. The amendment is:

That section 32 of the Fisheries Act, 1932, chapter 42, is hereby amended by inserting the following as subsection 2 thereof:

2. No one shall use a salmon trap net in any of the Pacific waters of Canada.

Progress reported.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Marketing service—

24. Marketing service administration, $106,595.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Chairman, the last time my estimates were before the committee the hon. member for Rosetown-Biggar (Mr. Coldwell) suggested that it might be advisable under item *1* to give some information as to the possible wheat policy of the government for the coming year. At that time I stated that I did not think it would be in order to discuss a possible marketing policy for wheat under the item then before the committee, but that on some later occasion I would be in a position to do so. So I have asked you to call item 24, marketing service administration, in order that I might be in order when discussing the matter of the marketing of wheat and other farm products.

I do not think I state anything that will be disagreed with by any hon. member when I say that during the last year wheat marketing has been discussed more in Canada than has the marketing of any other farm product.

I probably could go so far as to say that wheat marketing has held the attention of those who are interested in agriculture in every part of the world to a greater extent during the last year than has the marketing of any other farm product. We in Canada have been brought face to face with the difficulties of wheat marketing because of the extent to which the treasury of Canada will probably be drawn upon to pay the cost of our present wheat marketing policy. These costs have not yet been made completely known. We can only estimate what they possibly will be, but we have a fair knowledge of the extent to which our farmers will benefit by the payments which have been made by the government as an addition to the price which was made possible because of world marketing conditions related to wheat. Because these facts are fairly well known the government has considered it wise to give whatever information we have available with regard to the possibilities of a change in policy in relation to the marketing of wheat, and to place before the committee the position which we intend to take in relation to the future marketing of wheat from the Dominion of Canada.

In dealing with this matter I would call the attention of the committee to the fact that we have been working under a policy that provided for bonusing in so far as it became operative at all in connection with the marketing of wheat. A bill was introduced into the house in 1935 providing for the compulsory delivery of wheat to a board at a set price. A compromise bill was finally agreed upon, which became the Wheat Board Act, 1935. The compromise act provides, first, for the setting up of a board to take delivery of wheat, to purchase wheat from the producer and to sell wheat. Second, it provided for the voluntary sale and delivery of wheat to the board by the producer unless otherwise ordered by order in council. Third, the board with the approvel of the government was to set a minimum price which would be paid for wheat delivered to the board. Fourth, the government was to assume any loss resulting from the sale of wheat delivered to it and to distribute any profits to the producers.

The board was set up for the 1935-36 wheat year, which opened on August 1, 1935, and closed on July 31, 1936. The minimum price was set at 87½ cents a bushel for that year. During the year there were two periods when the price was above 87½ cents, one in the fall of 1935 and the other in July of 1936. There was a long period between those two periods when the price was below 87½ cents a bushel. Our experience during that year would indicate that the producer considered the legislation as having as its objective the paying of a bonus to the farmer until the market reached the minimum and allowing him to sell to the trade when he could do so to advantage. The discussions of the time would indicate that the final compromise legislation was intended to deal with an emergent condition resulting from national policies followed in exporting and importing countries. The producers naturally have taken full advantage of the intentions of those who passed the legislation and have delivered in volume only when the market was below the minimum price set. I may say in that regard that as a result of its being below the minimum price all this year the wheat board have got all the wheat that has been delivered during the present year. With this experience, that is the experience which we had in 1935-36, and the probability that the Fort William price would be considerably above any price the board felt inclined to set, the government provided in 1936 that the board would be prepared to take delivery of wheat immediately the price fell to 90 cents a bushel.

Our experience in 1935-36 showed that we would get delivery of so little, if wheat were above that price, as to be very unfair to the few who were so completely sold on the idea of board marketing as to deliver their wheat to the board under any circumstances. We would have had to retain in operation all the machinery necessary to take delivery of all the wheat and use it to take delivery of a small percentage of the wheat. This would have resulted in a loss to those farmers even had we speculated and held their wheat for the higher prices which did come, and no government would have dared to do that in the light of the recent discussions in the country.

The 1936 wheat crop was therefore marketed through the open market at an average price of $1.22 a bushel.

I might call attention to what I consider to be a fact, that with wheat selling at $1.22 a bushel, had the government even set the price at the higher figure that was suggested by anyone during that year, the government would not have had delivery of that wheat made to the wheat board.

The same conditions prevailed to a greater degree in the 1937-38 crop year, and the 1937 crop was again marketed through the open market at an average price of $1.31 cents a bushel, No. 1 Fort William.

It can be argued that we could have advanced the price from time to time and assured delivery of a greater volume of wheat, but I am sure that those who are familiar

with the marketing of wheat in western Canada under our different systems will agree that our experience in connection with cooperative marketing in the past indicated that for a government to do that particular thing would have resulted in disaster not only to the wheat producer but to the system itself.

When the 1938 crop was coming on the market, world conditions were different from those of either 1936 or 1937. It became evident that the unsettled situation in Europe, together with the enormous world production, would result in a low world price.

It was also evident that if war resulted in Europe in the fall of 1938, as it threatened to do, wheat would rise rapidly in price. It was therefore considered that an emergency existed which, together with the difficulties experienced by the wheat producers in the years immediately preceding, necessitated the establishment of a minimum price which would in all probability pay a bonus to the wheat producing farmer.

The price was set at 80 cents a bushel, which has resulted to date in paying to the producer what amounts to a bonus of from fifteen to twenty cents a bushel. I think a bonus of even that amount can be justified for this year under all the circumstances. It can be justified as the legislation has been justified from the beginning, namely, that it is dealing with an emergency condition. With the world price below the set price the board naturally gets all the wheat.

I should like to place before the committee information as to who has received the greater part of the bonus which has been paid, in order that we might have information upon which policy might be based for the handling of wheat in the future if we are going to give assistance of any kind to wheat growers.

During the last few months I have had prepared a statement of just what happened in relation to the bonus paid to date in one province, Saskatchewan, which is the largest wheat producing province in the dominion, and of course the figures I have before me are of necessity still based upon estimates, but I think the committee will realize that they are so close to what will actually happen that they can be taken as authentic.

It is estimated that Saskatchewan farmers will receive, at the rate of twenty cents a bushel on the wheat they will market, a minimum of $18,000,000 above the market value of the marketable surplus of wheat in the province in the year 1938-39 through the operation of the minimum price policy of the federal wheat board.

Let me repeat that. An average of twenty cents a bushel paid on all the marketable wheat in Saskatchewan will net to the farmers by way of bonus $18,000,000. But if one were to estimate the net returns to the farmers of the three western provinces on the same basis of twenty cents a bushel, I am given to understand from a discussion which took place in the Alberta legislature the other day that Alberta would collect $22,800,000, although the crop acreage in that province is very much lower than the crop acreage in Saskatchewan.

Taking all three provinces, Manitoba, Saskatchewan and Alberta, the estimated amount would probably reach some $48,000,000, if put on the same basis as I have estimated for Saskatchewan.

What I wish to point out in that connection is this, that all of the area in western Canada which had a complete crop failure during this past year is in Saskatchewan. There are eighty municipalities in Saskatchewan that have an average crop of less than six bushels to the acre; more than half of these have an average crop of less than four bushels to the acre; the greater part of that half have an average crop of less than three bushels to the acre, and a number of them have no bushelage whatsoever. Yet, out of $48,000,000 which will be paid out of the treasury of Canada this year, if this estimate is correct, only $18,000,000 will go to Saskatchewan, the province with the greatest acreage and with the greatest amount of difficulty because of lack of crop.

To illustrate the results from another point of view, five municipalities in Saskatchewan which have no crop at all have 1,700 farm operators, with a total wheat acreage estimated at 153,000 acres; that is, 1,700 farmers with no crop at all will receive under the bonus system nothing at all from the treasury of Canada by way of bonus on wheat, and they become a complete charge upon the treasury, first of the province, and then, because of the difficulties existing in the province in so many municipalities, indirectly a complete charge upon the treasury of the Dominion of Canada in relation to the amounts that have been paid out under the bonus itself.

If we look at the matter in another way, there are 159 municipalities in Saskatchewan, or more than half the municipalities in the province, accounting for approximately half the acreage in the province from which there is a marketable surplus, where the crop ranges from half a bushel to six bushels to the acre, with an average of 3·8 bushels to the acre for the total 159 municipalities. The total amount of price bonus received under the present system in the 159 municipalities having within them half the crop acreage will

be $6,000,000, or one-third of the amount paid in to the province. In these municipalities the price bonus will have to be supplemented by relief from the government of Canada; and that assistance, as I stated the other night, for all of those within the 159 municipalities and for those in the other areas I have spoken of, has been estimated at about $9,000,000. Therefore, in addition to paying $18,000,000 by way of bonus to farmers in Saskatchewan, we shall have to pay another $9,000,000 in order to provide relief and assistance so that those who get nothing out of the bonus can live through the winter.

If we look at it in still another way, in eighty-one municipalities with wheat acreage approximating one-fifth of the total in the province and with yields per acre of marketable surplus of wheat in excess of eight bushels and ranging up to twenty-five bushels, it is estimated that the price bonus will amount to $6,000,000.

That is, you have one group of municipalities, numbering 159, with an average marketable crop of 3·8 bushels, and all farmers in that great area obtain under this system only $6,000,000. Then you have another eighty-one municipalities with an average marketable crop in bushels per acre running from nine bushels up to twenty-five, getting $6,000,000. I suggest that in this latter group is a considerable number of farmers who did not require any assistance from the government in order to make their crop a paying one this last year. Then you have another considerable number of farmers in the other vast area, who, no matter what price would have been given to them, would not have had a paying crop because the average per acre of marketable grain was only about 3·8 bushels.

Then, in seven municipalities with an average of half a bushel per acre of marketable surplus, and with 284,000 acres under wheat, the wheat board price bonus under this policy is estimated at $28,000. In seven other municipalities with a marketable surplus of wheat ranging from sixteen to twenty-two bushels to the acre, and with a wheat acreage of 192,000 acres, which is almost 90,000 acres less than were in the other seven municipalities, the wheat board price bonus is estimated at $314,000.

I suggest to the committee that a policy which gets results of that kind is not a sound policy; that a policy which gives, unto those who have, still more and gives nothing at all to those who have nothing, is not a sound policy to follow in connection with the marketing of wheat in this country.

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If one wanted further proof of that statement, all one has to do is to review what happened in all the municipalities:

Number of rural municipalities	Amount of wheat board price bonus per acre at 20 cents the bushel of marketable surplus
	$ c.
5	.0
7	.10
18	.30
18	.50
32	.70
37	.90
41	1.10
49	1.30
25	1.50
15	1.70
12	1.90

I think it will be found that all but sixty-seven or sixty-eight of the municipalities in Saskatchewan are in the list down to that point, the committee will note that no one up to that point has received as much as $2 per acre and that it runs down to ten cents an acre. To start from that point:

Number of municipalities	Price bonus
9	$2.10
10	2.30
12	2.50
11	2.70
7	2.90

The last mentioned is the second seven I dealt with in the previous comparison. The first seven got ten cents an acre; these seven got $2.90. To continue:

Number of municipalities	Price bonus
6	$3.10
4	3.30
5	3.50
1	3.70
1	4.30
1	4.70
1	4.90

In other words, the system operating this year in Saskatchewan paid on an acreage basis all the way from nothing to $4.90 an acre, depending on whether the district was one where crop failures took place or one where they had the best crops in the province. Again I say that a system which makes that difference possible in the distribution of funds from the treasury of Canada is not a system that can be advocated or that can be maintained by the federal government.

If I had the time I could give other figures which would further bear out the statement I am now making, but I do not think it necessary to go into all the details; I wish only to give sufficient to justify the government in having come to the conclusion that

there should be some change in policy if we are going to establish a permanent policy for the handling of wheat in Canada. I believe, too, that I have given sufficient to indicate that there should be some change in policy even to establish an emergency procedure which we might follow in years when there are crop failures. It is desired that this emergency policy might, at the same time, relieve us from a considerable number of charges which we have been paying in the past, having to do with the giving of relief in areas where there is no crop.

For some time we have been preparing legislation based upon the policies which we hope to place before this house, and eventually that legislation will be introduced, probably without any considerable delay. But before submitting the legislation or even putting the draft in its final form, I thought it advisable that I should announce to the committee the general policy which the government intends to follow, in order to meet, not only the recommendations which were made by the Turgeon commission which reported at the end of last session, but also, because of experiences we have had during the emergencies we have faced in recent years, and particularly this year, to be in a position to discuss more freely with some of those to whom we have not had access because of lack of announcement of policy down to the present time, the effect of the policy we are announcing on the general marketing of farm products in Canada in future years. In order that this statement may be placed before hon. members in a form which cannot be misunderstood I shall read that statement of policy and some of the things which led up to it.

Three years ago when we came into office a wheat board had been set up under the Wheat Board Act of 1935. The government was of the opinion that this legislation only provided a means for dealing with an emergency created through the methods followed during previous years in attempting to market Canadian wheat under existing world conditions. It was therefore decided to appoint a royal commission to hold sittings throughout Canada and elsewhere and to report upon past and present methods of marketing wheat as well as make recommendations of policy for the future. The commission has reported and recommended the continuance of the open market system, regulation of the grain exchange and encouragement of the pool system of marketing as an alternative to the open market which might be utilized by producers.

Between 1935 and now we have had a continuation of crop failures which has necessitated government assistance. It is now evident that marketing legislation alone will not solve the problems of the wheat growing areas. It is evident that an area which produced the wealth of the period from 1922 to 1928 must be utilized to the fullest possible extent in the effort to develop a nation of home builders.

May I say at this point that as far as the government is concerned we do not feel that the most important thing to be done as a government is to try to see how much wheat we can have produced in Canada. Nor do we think it is important in itself that we should try to have all the cattle produced that can possibly be produced in Canada. Nor do we feel that it is important in itself that we should have all of the dairy products or all the fruit produced in Canada that it is possible to produce. What we think is most important is to put the greatest possible number of families in comfortable circumstances upon the farm lands of this dominion. Believing that, we think that any policy for the marketing of farm products should be based upon the idea that sufficient returns should come to the individual families to make it possible for them to maintain themselves with the ordinary comforts and give proper education to their families. The objective of this government has been and will continue to be to set up as many homes as can possibly be maintained on farms in the prairie section of western Canada. We believe that to do so will assist in solving our labour problem, our railway problem and every other national problem.

May I enlarge on that to say that I am not at all interested in encouraging the production of wheat at thirty-five cents a bushel by putting into operation as many tractors as can possibly be operated on the farm lands of western Canada. Even if it costs forty cents a bushel or if it costs forty-five cents a bushel to grow the same amount of wheat, or a lesser amount, while other products are being produced on the same land, with five families upon, say two and a half sections of land instead of having one family and three tractors and two hired men, then I am in favour of the five families. The encouragement of the placing of more and more families upon our land rather than the production of more and more wheat from our land will assist in solving the labour problem of this country. It will assist also in solving our railway problem to have as many families as possible maintained in comfort upon these lands. It will assist in solving every other national problem which is confronting the

people of Canada at the present time. For that reason I believe that any policy which we follow should be based upon the idea that we want to put families upon the land.. To that end we have already greatly extended and established on a continuing basis the attempt to reestablish farmers in the area where wheat is grown for export. That is, our whole rehabilitation program, which will again receive consideration when our estimates for that purpose come before the house, is directed to the end that more families may be maintained in the area that has been known as the drought area during recent years.

Three years of experience with the Wheat Board Act of 1935 has shown that it is legislation which can only be helpful to deal with a marketing emergency, and could not form the basis for a permanent system of marketing. The present year has shown that it does not provide an equitable method of dealing with the emergency created through drought and grasshoppers. The minimum price per bushel results in those having most receiving most and those having no crop receiving nothing.

Realizing that the present legislation does not offer a solution for our marketing problems and does not provide a means of dealing equitably with the difficulties which stand in the way of home building on the prairies, we intend to introduce legislation which will carry out as far as possible the recommendations of the Turgeon commission, which were:

First, that the government should remain out of the grain trade and our wheat should be marketed by means of the futures market system.

Second, that the grain exchange should be placed under proper supervision.

Third, that encouragement be given to the creation of cooperative marketing associations or pools.

May I repeat that it is our intention to bring down legislation which we hope will make effective all of those recommedations. In addition, we intend to deal by legislation with another phase of the subject which has not been dealt with particularly by the Turgeon commission. We intend to introduce a bill to deal with emergencies, which legislation we hope will make home building on the prairies more secure. This bill will be drafted on the principle that assistance will be given in proportion to need, calculated on an acreage basis, and so adjusted as to encourage home building and maintenance rather than increased wheat production.

In drafting the legislation having to do with the marketing of wheat and for the promotion of cooperatives in relation to marketing of wheat we shall be mindful of the fact that the same principle might be applied to the marketing of other natural products. In other words, we feel that the principle which has been applied to the marketing of wheat during the last three or four years in Canada is not a principle which could be applied to the marketing of other natural products, including other farm products. Therefore we do not think it is a sound principle upon which to base farm product marketing legislation. We cannot agree that there is likely to be permanency to any system of marketing farm products which is based upon price fixing. We prefer to embark upon a policy which will lead to costs of production and standards of product which will invite a paying market for all our farm products.

As I said at the beginning, I wanted to place before the committee, in these general terms, the policy decided upon by the government in order that we might be free, between now and the introduction of the legislation, to discuss it more intelligently with those who will benefit by it. In due course the legislation referred to will be brought in. As I have already said, I make this statement partly because of the request by the hon. member for Rosetown-Biggar a few nights ago, when my estimates were under consideration, that at the earliest possible date some statement should be made with regard to the policy of the government in relation to wheat; partly because of our desire to be able to discuss the matter more freely both within and without the house and also particularly in order to make known to producers the policy under which we shall probably be operating during the coming crop year. I repeat that when the legislation is under consideration ample opportunity will be given all hon. members to discuss everything I have mentioned to-night, with all the information that is available and all the necessary details with regard to the policies announced in the statement I just made.

I hope the announcement of this decision on the part of the government may have some effect on the discussion of private members' resolutions now on the order paper. It may be that the legislation will be down in any case before those resolutions come up for discussion, but if that should not be the case the business of the house probably would be expedited if those motions could remain in their present position until the legislation is introduced, when we shall have an opportunity to discuss all matters in regard to our

future wheat policy. I wished to place that information on *Hansard* so that it might be available to all hon. members, and if it meets with the approval of the committee I should like this item to be allowed to stand.

Mr. COLDWELL: May I just say that I think the committee appreciates the statement just made by the minister; I know I do personally. Many points were raised which will be discussed later. I am in disagreement with some of the minister's statements, but I think he is to be congratulated upon having placed before parliament at least some constructive proposals for dealing with a problem that is pressing in the part of the country in which some of us are particularly interested. While we probably will not agree with him as to some of the proposals he is about to lay before us, I think as a basis of discussion both in this house and in the country the statement does the minister a great deal of credit.

Mr. PERLEY: I was very glad to hear the minister make this statement; it shows that after four years of what might be termed comparative inaction the government is going to try to do something worth while. The minister made a comprehensive survey of the results of the present marketing scheme. In common with the hon. member for Rosetown-Biggar, I cannot agree with everything the minister said, but certainly I agree with much of what he said in outlining his future policy. I think the matter of placing more families on the land is very important, because if something is not done to reestablish agriculture we shall get into tractor farming with one or two men working large areas of land.

Hon. members will appreciate that it would be impossible this evening to review the minister's comprehensive statement. I should like to suggest, however, that he bring in the legislation as soon as possible, because there is on the order paper a resolution in the name of the hon. member for Bow River, as well as one of my own, which may precipitate a general discussion in connection with the marketing of wheat, and those discussions probably would be more or less repeated if the bill came in later. So I suggest that if possible the minister should introduce his measure before these resolutions are reached. I very much appreciated his statement, and I am sure that anything of a constructive nature will receive my hearty support.

Mr. SENN: I should like to ask the minister just one question; I do not know whether he is prepared to answer it to-night. He made the statement that the farmers of the west would profit by some $48,000,000 as a result of the action of the government in setting the price of wheat this year. Could he give the committee any estimate of what will be the loss to the government?

Mr. GARDINER: It would be exactly the same amount if settlement were made now. That was an estimate at twenty cents a bushel, based on the bushelage which will be marketed. The final result may be a cent or two above or below that figure, and of course there is always the possibility that whatever is carried over may be sold at a higher price, in which case the loss would be reduced. Up to the present time, however, the greater part of the wheat has been delivered by the farmers; the farmer has received whatever he is going to get over and above what he would have received at the world market price.

I should like to make one more observation. I was dealing particularly with wheat and did not emphasize other matters having to do with the cooperative marketing of other products, but we have in mind legislation dealing with that as well.

Item stands.

Administration service—

2. Publicity and extension, $140,730.

Mr. PERLEY: Would the minister explain the increase in this item?

Mr. GARDINER: The net increase in salaries and wages to provide for statutory increases and authorized reclassifications is $1,470.

Mr. PERLEY: I see on page 51 of the estimates provision for two editors, a grade 1 editor and a seasonal editor. Would the minister explain that?

Mr. GARDINER: There is provision for one new appointment of a publicity editor and a part-time man, making the two.

Mr. COLDWELL: Does this cover publicity both in Canada and abroad, or is there a special estimate for the overseas work?

Mr. GARDINER: The advertising abroad is all done through the Department of Trade and Commerce, but this is not the advertising vote. That comes under marketing.

Mr. COLDWELL: None of the overseas publicity is done by this department?

Mr. GARDINER: No.

Mr. COLDWELL: It is all under the Department of Trade and Commerce now?

Mr. GARDINER: Yes. The advertising overseas has never been done by our department.

Mr. SENN: A great many publications dealing with agricultural matters are issued by this department. How many are there, and have there been any new ones this year? What method is employed to acquaint the general public, for whom these publications are intended, as to what ones are available and in what way they are distributed?

Mr. GARDINER: I could read the list.

Mr. SENN: It is not necessary.

Mr. GARDINER: I could give some figures to indicate what it amounts to. These are the statistics covering 1937-38, the last year for which I have the figures:

70,166	personal requests received for publications,
630,401	publications mailed on personal requests,
409,199	publications mailed in bulk,
1,727,918	copies of market reports mailed on request,
366,031	copies of press notices,
73,281	clip sheets,
279,620	farm notes,
7,984,764	copies of miscellaneous articles,
10,033	stencils cut for mimeographing,
7,522,131	copies printed from mimeographed stencils
693	jobs on multigraph,
2,320,775	copies printed on multigraph,
2,131,872	envelopes addressed.

Those are the activities in connection with publications in that branch for one year, and they would be approximately the same from year to year.

Mr. SENN: But I am asking the minister in what way the public is made acquainted with these publications. How do they learn that the publications are ready, and what they are. They are not sent around indiscriminately. I understand from what the minister has just read that quite a number of them have been asked for. How are the public made acquainted with those publications?

Mr. GARDINER: They are made acquainted through statements put in the press. Some of these press statements which are issued from time to time are statements indicating to the public that certain publications are available. Then there are certain set lists to which we mail—agricultural colleges, municipal secretaries, county clerks, members of the House of Commons and of the provincial legislatures, and to some others. Then, they are mailed to persons who may write in. Hon. members will note that 630,000 publications are mailed on personal requests, which means that some interest has been stirred up in relation to them.

Mr. GRAYDON: Are not a number of these publications given to the agricultural representatives in the various provinces?

Mr. GARDINER: Yes, quite a number of them are given to the agricultural representatives. At exhibitions these publications are in the different stands so that people may carry them away or have them explained by the men in attendance.

Mr. GRAYDON: Does this vote include any amount for radio advertising?

Mr. GARDINER: There is no payment for radio services out of this amount. But officials in this branch do prepare the radio statements announced to the public.

Mr. HAYHURST: We have found some of the pamphlets very useful, and others not so valuable. In connection with pamphlets dealing with dairy and live stock prices, which are sent to farmers throughout Canada, may I say that I have had letters from farmers stating, "We know from the papers what the price of cattle was last week; what we would like to know and what we would be interested in would be the price of cattle next week or six months from now." So that I suggest there is some wastage in some of the pamphlets sent out. There is a duplication of much of the information which appears in the daily press. Probably it would be better if that money were spent on educational pamphlets, such as were suggested some time ago.

Mr. GARDINER: My understanding is that the reports appearing in the press are supplied by us. We put them in from day to day, across Canada. In addition to that, the daily radio reports are prepared by this department. The report to which the hon. member has referred is a general one which goes out from time to time. Speaking as a practical farmer I would say they are more useful to me than any others because, after all, they show a review of marketing conditions not only on one day but over a period. When one is located, as a good many of us are, two or three hundred miles from where our stock is going to be marketed, it takes us some days to get it to the market place. At the time of shipment we really want to know the market trend. We get as much information out of those mimeographed articles which are sent out as we do from the daily press reports.

Mr. MALLETTE: Are all the departmental publications published in French, too?

Mr. GARDINER: Practically all of them. There may be some that are not, but so far as I know they are practically all published in that way.

Mr. MALLETTE: Is there a substantial demand for them?

Mr. GARDINER: Yes, there is a substantial demand, one which would compare favourably with the demand for the English edition.

Mr. SENN: I understand publicity is given by means of exhibits at the fairs. I have seen some of those exhibits, and I think they are commendable. I would ask the minister, for my own information—and his reply may be of service to others—how a fair makes application for those exhibits, and if any fair, large or small, is entitled to them?

Mr. GARDINER: The larger fairs are all covered from booths in those fairs where the publications are placed. Individuals in charge of the booths make explanations. As a matter of fact, at the time of the fair in Toronto I had the experience of standing before a booth for fifteen minutes while one of our officials explained to me all about the marketing of hogs. One of the members accompanied me. I must say the official made a very good job of his explanation.

Mr. SENN: I heard all about that.

Mr. GARDINER: He convinced me that the publication was a good one. We send men around to the different fairs. We are not able to cover them all, but men are sent to fairs throughout Canada where we do not have booths, but where information in pamphlet form is distributed.

Mr. SENN: How would a fair undertake to get an exhibit of this kind? There are a great many small fairs at which exhibits would be of great interest to the farmers. I think education might be promoted in that way as well as any other.

Mr. GARDINER: The fair board may make application for this assistance. We are not able to cover them all, so we select certain groups which cover an area. One year we may select one group and another year another group in the same locality. We try to cover the areas each year, but not always at the same places.

Mr. STIRLING: In recent years considerable reorganization has taken place within the department. Frequently, when I am at home, I find the need of something in the nature of a directory to cover at least the province in which I live. I need something from which I could find out the names of the different officials and where they are located. The telephone book that is issued here forms an excellent directory of the officials in Ottawa, but during the recess I am 3,000 miles away from Ottawa and I need some sort of directory when I want to get in touch with an official in the province.

Mr. GARDINER: As I said to the hon. member for Haldimand (Mr. Senn) the other evening, that directory has been prepared and is now in the printer's hands. It was impossible to get it out earlier because of this reorganization. We wanted to have the staffs complete so that the directory would be up to date.

Mr. STIRLING: Will that directory cover all the provinces?

Mr. GARDINER: All the services and all the provinces.

Mr. PERLEY: Who will get copies? Will it be advertised in the press?

Mr. GARDINER: Anyone who desires will be able to get it by writing in. We will probably send it to all hon. members, and in any case it will be mailed out to those on our mailing list.

Mr. PERLEY: No doubt there is a great deal of useful information in these pamphlets, but many people do not know where to get them. I have been asked several times where such and such a pamphlet could be got. A person might see one in an office or in someone else's home and want to know where to get it. The system of distributing seems to be lacking in some way. Possibly this directory will help considerably because it will enable the rural people to know where to get it.

Mr. BLACKMORE: Has the minister thought of putting a list of these valuable pamphlets in the post offices? Possibly a card could be prepared with the names of the most important pamphlets.

Mr. GARDINER: I think something along that line might be done and I shall give consideration to it. I may say that different plans have been tried out in the department at different times. We have tried putting the pamphlets into banks, post offices and other places where they would be available, but there has always been a great wastage in that method. We find that it does not pay to make bulk distributions at different points.

We get better results by trying to advertise the fact that pamphlets are available, and then those who really want them can write in. Much of the information gets about, not directly from a pamphlet but from someone who has read a pamphlet and tells others about it.

Mr. COLDWELL: To what extent are these distributed through the schools?

Mr. GARDINER: They are not distributed through the schools except where a teacher writes in for them and asks for copies to be used in connection with teaching agriculture in the school.

Mr. BLACKMORE: I do not know whether the expense would be prohibitive, but I was thinking of an inexpensive cabinet with a glass front which could be placed in the important post offices. This cabinet would contain a complete set of the most important pamphlets, and would bear a notice to the effect that copies could be obtained by writing to such and such an address. I have thought a number of times that it was really too bad that valuable pamphlets like these are not more widely known. As hon. members said a minute ago, many people do not know that these pamphlets exist or where to get them. The material contained in them is incomparably valuable for men doing practical work.

Mr. COLDWELL: Has the minister any idea of the extent to which teachers apply for these pamphlets?

Mr. GARDINER: There are certain special types of pamphlets for which a considerable number of teachers apply. These are pamphlets that will be helpful in teaching agriculture, but generally speaking there is no application for a great mass of the pamphlets.

Mr. COLDWELL: I know from personal experience that many of these pamphlets have proved most valuable in the schools, and to the communities through the schools. I was wondering if some effort could not be made to have the provincial departments of education or the normal schools direct attention to these pamphlets. This would save the department sending them out. I may say that I knew nothing of these pamphlets when I started to teach, and it was only by accident that I got a list of them. I sent for some of the pamphlets, and I believe I am still on the mailing list of the department.

Mr. BLACKMORE: Speaking as a practical teacher and principal of a good many years experience, I think something could be done along the lines of preparing a circular to send out from time to time to every rural school in the west, either through the provincial departments or direct from Ottawa.

Mr. GARDINER: I am not familiar with what is done in all the schools, but when I was minister of education in Saskatchewan the practice in the normal school was to send for pamphlets to all the dominions. You can go into the normal library in Regina and see copies of pamphlets describing conditions in Australia, New Zealand and so on. I expect that this would be generally the practice in all normal schools across the continent. The teachers who are taking courses in these normal schools have the opportunity of learning about these pamphlets, and I would expect that when most of them go out to teach they would make use of them.

Mr. COLDWELL: I believe in recent years certain courses of study have referred to certain of the pamphlets of the Department of Agriculture.

Mr. MacKENZIE (Neepawa): The hon. gentlemen to my left who have just spoken come from Saskatchewan and Alberta. I may tell them that for many years in Manitoba these publications have been noted in the departmental journal and in the journal of the teachers' federation. As the minister has said, teachers in training in the normal school have been made aware of these publications. I do not know what happens in Saskatchewan or Alberta, but I know that has been the case in Manitoba for a great number of years.

Mr. POULIOT: There is a practice in China whereby a rich man pays his doctor just as long as he is well. When he is sick he does not pay. There are doctors of every description in the Department of Agriculture. I suggest that they receive salaries only when things are good for the farmers. When the farmers have any reason to complain, all the doctors in the Department of Agriculture should not receive one cent of salary.

Mr. COLDWELL: What about the lawyers?

Mr. POULIOT: There are no lawyers in that department.

Mr. HAYHURST: It has been intimated that the people of Alberta would not know anything about these pamphlets, but I must tell hon. members that the department of education in that province has always kept these pamphlets before the people all the time. The endeavour has been to heal the sick, and, if possible, to have no sick, so far as the knowledge distributed from this department is concerned. I am sure that we in

this corner of the house very much appreciate the policy which the Minister of Agriculture has outlined this evening, so that we might have an opportunity of studying it before discussing it at a later stage. We feel that the department has been very efficient in the last few years.

Mr. CLARKE (Rosedale): I should like to add my word of congratulations to the department upon issuing these pamphlets. They serve not only the rural sections but the urban sections of our country as well. A great number of people in my riding in the city of Toronto write me from time to time asking me to secure various pamphlets which the department has at the disposal of the public. I have also gone through the department and was favourably impressed with the way in which it is carried on, and through it I have been able to be of service to a great number of my urban constituents.

Mr. SENN: There is a pamphlet known as *Economic Annalist*. I do not know if it is issued by this department or not, but if so, I would ask the minister if he is responsible for the opinions therein expressed, or if he knows just what those opinions are.

Mr. GARDINER: It is got out by the economic service in the department, under Mr. Booth.

Mr. SENN: Does the minister read those opinions, and, if so, does he agree with them?

Mr. GARDINER: I cannot read the thousands of pamphlets they are putting out, but of course I have to take responsibility for whatever is put out by the department. What is the matter in particular?

Mr. SENN: The pamphlet is called *Economic Annalist*. I do not agree with all the ideas, economic principles and suggestions set out in that publication.

Mr. GARDINER: I have not read them all.

Item agreed to.

Administration service—
3. Advisory committee on agricultural services, $5,000.

Mr. PERLEY: Who is on this advisory committee?

Mr. GARDINER: Doctor Barton; Doctor Christie of Guelph college; Reverend Father Leopold; Doctor J. W. Black; Mr. Reek, the deputy minister in Ontario; Doctor E. S. Archibald; Mr. Rioux, the deputy minister in Quebec; Doctor Newton, and Mr. Truemann.

Item agreed to.

Administration service—
4. Contributions to empire bureaux, $33,823.34.

Mr. COLDWELL: Will the minister give us a brief explanation of the work that is done in connection with these first four items?

Mr. GARDINER: The imperial agricultural bureaux were set up as a result of the imperial agricultural research conference of 1927, which recommended that eight bureaux be established to collect, collate and disseminate information on research in selected branches of agricultural science, and generally to assist research workers in the empire with information on their subjects and with introductions to other research workers.

These proposals were accepted by empire governments, and in 1928 a number of these bureaux were set up. Since 1929 this service of common empire interest has been maintained from a fund jointly subscribed by the governments of the empire and administered by an executive council, composed of representatives directly appointed by the governments for that purpose. The functions of the bureaux have to do with the distribution of information; they do not themselves undertake research, but they gather and make available to every country that is a member of the bureaux the results of the research work carried on.

Mr. SENN: What is the work undertaken at the Farnham laboratory, and where is it located?

Mr. GARDINER: Parasitology is undertaken at that laboratory. It is at Farnham, in England.

Mr. MARSHALL: Is this a grant, and have we a representative on the bureaux?

Mr. GARDINER: It is a grant made to these bureaux, and from them we get the information.

Mr. MARSHALL: Have we Canadian representatives on the various bureaux?

Mr. GARDINER: There is a representative of every government on the bureaux executive. Our representative at present is a man from the high commissioner's office in London.

Mr. SENN: Is there an interchange of information between these bureaux and any similar bureaux in Canada?

Mr. GARDINER: Yes, all the information we gather by research is sent to this clearing house to be made available to other parts of the empire.

Mr. COLDWELL: For bureaux which simply collect and distribute information, is this not rather a large sum, if it is simply a statistical collecting and distributing organization?

Mr. GARDINER: They maintain an expert staff to go over all the information gathered and put it into form to be made available to the various countries. The services of these experts are paid for out of these grants, and as it is under the supervision of all parts of the empire it is fairly safe to conclude that we are paying only equally along with other parts of the empire, that we are not overpaying.

Mr. COLDWELL: Has the minister any idea of the total amount expended by the imperial government and charged to the other dominions?

Mr. GARDINER: I have not the exact amount, but each part of the empire contributes its just share in proportion to its agricultural activities.

Mr. SENN: Are all parts of the empire connected with these bureaux?

Mr. GARDINER: Yes.

Mr. COLDWELL: That is, the dominions, the crown colonies, and so on?

Mr. GARDINER: Yes, all of them.

Item agreed to.

Administration service—

5. International institute of agriculture, $12,000.

Mr. SENN: Is this the one in Rome?

Mr. GARDINER: Yes, it is an international organization of the same type as the other.

Item agreed to.

Science service—

6. Science service administration, $28,090.

Mr. MARSHALL: I notice that there is an entomologist in connection with this service. What are his duties, and are they distinct from those of entomologists in other branches of the service?

Mr. GARDINER: He happens to be an entomologist, but it is a transfer from the other branch to the administrative section of the service. The committee will notice that the entomology section is covered in the science service further down. But this official happens to be an entomologist who is in the administrative staff.

Item agreed to.

Science service—

7. Animal and poultry pathology, $158,550.

Mr. SENN: What work is undertaken by this particular branch of the science service?

Mr. GARDINER: The work of the division of animal pathology falls into three main groups or sections; scientific research relating to animal diseases of major economic importance; serums, vaccines, diagnostic reagents and other biological products; analytical and routine diagnostic services.

Mr. COLDWELL: Are all these officers in the department at Ottawa, or are they at various points in the country?

Mr. GARDINER: They are not all in Ottawa; they are at the different laboratories across the country.

Mr. COLDWELL: Where are those laboratories situate?

Mr. GARDINER: One of them is in British Columbia; one is at Lethbridge.

Mr. SENN: Are there only two outside Ottawa?

Mr. GARDINER: There is a third one, at Langley Prairie. There are two in British Columbia, one at Langley Prairie and one at Saanich.

Mr. SENN: I understood the minister to say that one branch of this service had to do with the investigation of diseases. I suppose that would include such diseases as shipping fever and Bang's disease. I do not know whether the minister would prefer to discuss questions of that kind under the health of animals branch, or here, but if it should be discussed here I should certainly like to say something about what is being done and ask some questions about Bang's disease.

Mr. GARDINER: The work having to do with investigation is covered in this branch, and the work having to do with service will be covered in the production branch. It can

be discussed at either place. It is late to-night to start this discussion, and if we could carry this item, when we come to the other item we can discuss the whole matter.

Item agreed to.

Science service—
8. Bacteriology and dairy research, $40,450.

Mr. GARDINER: The same remark applies to that. They can be discussed under production service.

Mr. MARSHALL: I was wondering about the note at the bottom of No. 11, "Appropriation not required for 1939-40, $76,700." How much of that would be taken from each of these items under science service? How would that money be distributed?

Mr. GARDINER: The $76,700 is not taken out of this service. It was voted last year for buildings, and is not required this year because the buildings have been erected.

Mr. SENN: Along the same line, was the vote of last year for these items altogether used up?

Mr. GARDINER: Yes. It is not all consumed yet, but practically all of it will be by the end of the financial year.

Item agreed to.

Science Service—
9. Botany and plant pathology, $306,665.

Mr. COLDWELL: Are all these officials in Ottawa, or are they distributed across the country at the various farms?

Mr. GARDINER: Some of them are in Ottawa and some of them are distributed across the country.

Mr. COLDWELL: I notice, for example, that there are thirteen assistant agricultural scientists.

Mr. GARDINER: They are at the different stations across the country.

Item agreed to.

Science service—
10. Agricultural chemistry, $101,730.

Mr. SENN: I think we should know what is undertaken under the study of agricultural chemistry. Soil composition?

Mr. GARDINER: As will be understood by the hon. member for Haldimand, many of the agricultural services are based, of course, upon chemistry. Analyses of soil and all that kind of thing are based upon chemistry. I have here quite a statement about it if it is desired to go into it. Probably we had better not start it this evening.

Mr. SENN: I wanted to know whether private individuals could have soils analyzed free of charge, and how they would go about having this done.

Mr. GARDINER: There are local laboratories, some of them provincial and some operating with our assistance, and people can send in soils and have them analyzed. I understand it is quite a general practice in some parts of Ontario to have the soils analyzed, in order to determine the type of fertilizer required.

Mr. SENN: But it is all done, I believe, by the provincial department of agriculture. That is the reason I was asking why it is necessary to have the duplicate branch here.

Mr. GARDINER: In western Ontario it is done largely by the province, but there is an understanding between the federal department and the province as to the division of activities in connection with it, and in some sections it is done by the federal department.

Mr. SENN: Well, does the federal government pay any of the cost of analyzing by the provincial government?

Mr. GARDINER: Not for analyses, except in connection with soil survey work. Where we are making soil surveys of certain areas of the province we make contributions towards the work.

Mr. HAYHURST: Is all the soil testing done in Ottawa?

Mr. GARDINER: No, soil testing is done right across Canada. It is done by the university staffs, I believe, in Alberta and Saskatchewan, and some of it is done at Swift Current in the plant we have there.

Mr. COLDWELL: But the cost of doing university work is not included in this particular estimate?

Mr. GARDINER: No.

Mr. COLDWELL: I notice there are just four assistants. I suppose all of them are in Ottawa.

Mr. GARDINER: Yes.

Mr. SENN: Does that include analyses of fertilizers as well?

Mr. GARDINER: Yes.

Mr. SENN: And if anyone is buying fertilizer and wants it analysed to make sure it is according to the description which is on the bag, is it possible to have this done here?

Mr. GARDINER: Yes; if it is sent in here it will be analysed and a report made on it.

Mr. SENN: Free of charge, I suppose.

Item agreed to.

Progress reported.

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

Friday, February 17, 1939

The house met at three o'clock.

LEAGUE OF NATIONS

INQUIRY AS TO CANADA'S POSITION WITH RESPECT TO PACIFIC SETTLEMENT OF INTERNATIONAL DISPUTES

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I notice in this morning's press that Great Britain and France have informed the League of Nations that they will not consider binding their obligations under the general act for pacific settlement of international disputes in the event that either country should be at war. I should like to know whether Canada, as an independent signatory to that agreement, also repudiates the idea of arbitration instead of war.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I do not know that I would care to answer the question in just the form in which my hon. friend has stated it, but I would say to him that Canada has not altered her position.

TRADE AGREEMENTS

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed from Tuesday, February 14, consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, to-day in a sense I am replying to the speech made by my right hon. friend (Mr. Mackenzie King) three days ago. I must say that at least half of his speech did not deal with the trade treaty at all but was good political propaganda, from his standpoint. My hon. friend from Mount Royal, whose observations are very wise and very apt, remarked to me that if the text of the trade treaty had smallpox certainly the sermon the right hon. gentleman delivered would escape contagion because it was so far from the text. I thought that was rather well put. I do not intend to follow my right hon. friend into the political realm—I was going to say "quagmire" but will not use that word—except for two or three remarks.

My right hon. friend spoke of the by-elections and boasted a little—perhaps with some justification—in regard to the number of seats his party had won. I happen to have the correct figures, which show that in the fourteen contested by-elections since 1935 the Liberal vote was 111,000, while the anti-Liberal vote was 131,000, so there is not very much to boast about there.

Mr. MACKENZIE KING: But those were not all Conservative votes.

Mr. MANION: That is true, but they were in opposition to the Liberals. In the 1935 general election, only 46 per cent of the votes went Liberal while 54 per cent went anti-Liberal. In spite of that fact, however, my hon. friends obtained 180 seats as against 65 seats won by the 54 per cent voting against the Liberals. Another interesting set of figures —and then I shall have done with the ordinary political discussion—shows that according to the votes cast in the last election it took 12,000 odd votes to elect a Liberal. I do not use the word "odd" in any derogatory sense. It took 33,000 odd votes to elect a Conservative, and it took 389,000 votes to elect the hon. gentleman from Kootenay East. I do not know what any of these figures prove, however; they merely indicate some of the rather strange pictures we get if we begin to describe what we call democracy. The only point I make is that, according to these figures, I do not think my right hon. friend has such a great deal to boast about.

The right hon. gentleman mentioned differences in our party respecting the tariff. Well, perhaps there are such differences, but there

are differences in all parties. So far as the tariff is concerned the Liberal party goes from the extreme of free trade, as represented by my hon. friend from Huron North (Mr. Deachman) and many members from the west, to moderately high protection, at least, as represented by the Minister of Trade and Commerce (Mr. Euler). So not only in regard to the tariff but in regard to almost everything, you can go up and down in the Liberal party from imperialism to Hepburnism, and you will find differences of opinion. But after all, sir, the trade agreement is the subject before the house, and I intend to deal with it as briefly as possible having regard to the fact that a great deal of ground must be covered.

To me. I think to all of us, the subject is a very important one which merits free discussion. I do not think any party or any government can bring into effect a trade treaty of any kind without its deserving in this House of Commons free and wide discussion. For example, the debate on the empire trade agreements of 1932 took twenty-six parliamentary days. In fact, we began the sixth week; there were nineteen days on the resolution, and seven days in committee. At the end my right hon. friend (Mr. Mackenzie King) and his party, who were in opposition at the time, voted against the empire trade agreements—with the exception of the present Minister of National Revenue (Mr. Ilsley) who on the second reading voted for it, but I think abstained from voting at the other stages of the measure. In 1911, when the reciprocity agreement was being discussed, the debate took, I believe, something over four months.

In view of those two points it is clear that this subject is too important to gloss over, and requires a certain amount of elucidation. I have pointed out, and I wish to make it clear, that it is not in any way the intention of this party to hold up the discussion. We have no interest in delaying the business of the house or unnecessarily prolonging the debate. In fact I have no doubt the debate will be a good deal shorter—that is my guess at this time—than was the debate on the empire trade agreements. We realize that after all the government has a huge majority, and can pass the legislation anyway.

But I repeat that a fair discussion is proper, both as we sit at the moment and in committee; for it is only right that the details should be discussed. After all, this is public business of the utmost importance to Canada—just as, to my mind, the Bren gun was public business. And I do not mind saying to-day that I am getting just a little tired of people outside of the house, who know nothing whatever about the affairs of parliament, or how they are carried on, continually lecturing this house and urging it to get on with the business of the people. I do not care who they are; I think they are lecturing without sufficient knowledge. After all, the government of Canada is the executive of parliament, and parliament, therefore—theoretically at least, and indeed in practice—has the last word. That is democracy. Whatever the faults of democracy may be, at any rate it is superior to anything we know of in the way of dictatorship.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: I think I am expressing the point of view of every hon. member in the house when I say that those who criticize members of the House of Commons, as a body, simply because we choose to discuss matters here, merely show that they do not quite understand what the democratic liberty of free speech means.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: As a matter of fact—and I do not say this with the intention of playing politics—my conviction is that the reason we did not go on a few days ago when we could have was that the government was not ready.

Mr. LAPOINTE (Quebec East): No, no.

Mr. MANION: And to show I am not trying to play politics, I say that because I well remember that on some occasions hon. gentlemen on this side were in office we were not ready to proceed. For some reason, governments are often not quite ready with the business of the house. I remember occasions when we had to do what my right hon. friend had to do on a few occasions this year—when we had to adjourn the house at six o'clock. Frankly, I do not know why persons who are not members of the house insist that we should work here until eleven o'clock every night. In fact I will admit that one of the very fine things the right hon. gentleman had much to do with, was that of changing the foolish habit we used to have of sitting here late every night—a most barbarous procedure. After all, we have some rights in the way of liberty and freedom, in regard to our hours, as well as in regard to our speech.

My right hon. friend in his political remarks the other day, suggested that this party consists of economic nationalists, that we do not want to trade with other countries. Of course, that, to put it mildly is ridiculous,—only a blind man in a country like Canada would

take any such course as that. There are two chief reasons why Canada must trade with other countries. In the first place we have a huge area, a small population and rich resources, out of which we produce large quantities of raw materials which must be exported. We do not consume all of them ourselves. That, in the first place, compels us to trade with other countries. Secondly, we are a debtor nation. The other day I looked up the exact figures and I found that each year we pay out in interest on dominion, provincial, municipal and large corporation loans from other countries, in round figures, $250,000,000 per year. Indeed, we pay out $325,000,000, but we receive in return, in the form of interest and dividends, something like $78,000,000, leaving a balance, in round figures, of about $250,000,000 per year, which we have to pay out to other countries. Most of it goes to the United States—$231,000,000—as against $88,000,000 to the United Kingdom.

So that for that reason again we must export. I must point out however that in our export statistics to-day we include gold, and I believe that does not give quite the proper picture. Gold should be kept separate from ordinary commodities, because gold is not a commodity in the ordinary sense. It is something which is accepted by all countries of the world—they are glad to take it—and for that reason it is something which should not be treated as an ordinary commodity in trade statistics.

In addition to all that, there is a third reason why we must trade. There are certain kinds of products which we cannot produce—tea, coffee, rubber, cotton and even, apparently, wool, though we should, to my mind, be able to produce sufficient wool; I have said that in the house many times. We do not produce oranges and other citrus fruits, and so on. So we are compelled to trade.

Then again, trade figures are mixed up with invisible items such as the tourist trade, shipping, insurance, and the interest which I have just mentioned. So I say that the right hon. gentleman's statement that we do not want to trade, and that we do not want trade treaties, is not correct, and he knows it is not correct. Anyone who knows something about government business or national affairs realizes that we must trade with other countries. But what we do favour is this: We favour trading with other countries on a fair basis. We advocate giving favour for favour. In other words, we do not advocate the making of a trade treaty at any price. I am a pacifist in the best sense of the word; I do not believe in war. But I am not a pacifist at any price; neither am I a trade treaty man, at any price. If we are to take the attitude that we will make a trade treaty at any price—that is, give two favours for one, if necessary, to get a trade treaty—then the logical conclusion for my right hon. friend and his party to come to is to become out and out free traders. Then they would be getting all the imports that our exports could pay for, and there would be no tariff barriers against them.

The only countries of the world to-day in which economic nationalism prevails are a few of the European countries which became economically nationalist because of the great war, and the fear of another one. They would wish if another war came upon them to be self-supporting, self-sufficient and able to take care of themselves. Perhaps of all the countries in the world the United States is the closest to being self-supporting or self-sufficient; yet even the United States requires rubber, tea, coffee, and some other products it cannot produce within its own borders.

Now, in regard to the empire trade agreements, which are mixed up with the one before us, we must not forget that the United Kingdom is the greatest market of the world. That is obvious to anyone who looks at the figures. It is the greatest purchasing market of the world.

I have a quotation in my hand—and I have heard only a part of it cited before—from the words of Sir Wilfrid Laurier. This is the report of a speech he made in Toronto, in the Toronto *Globe* of April 2, 1907, at a banquet given to Right Hon. James Bryce, then British ambassador at Washington. This is what Sir Wilfrid said at that time:

> I have seen and you have all seen in an American newspaper published in New York just a few days ago, that we are yearning for reciprocity with the United States. Now I tell you that the editor of that newspaper is about twenty-five years behind the times. At that time, we would have given our right arm for such a thing, but it is now a thing of the past. We are turning our hopes towards the old motherland. We have introduced the doctrine and the policy of a preference to Great Britain and towards all the British empire, and this is the policy by which we stand at the present time. We shall have no more pilgrimages to Washington, and this is simply the message I have to convey to your guest at the present moment. I know he will be a friend of Canada, and if it be a fact that a new leaf be turned in our relations with our neighbours it will be a matter for great congratulation.

The right hon. gentleman who now leads the government of Canada frequently quotes what Sir Wilfrid Laurier had done, and he might give some consideration to the "no more pilgrimages to Washington" idea. I intend to

deal with the fact that we also looked for a trade treaty, but we looked for one on a different basis from the one negotiated by the right hon. gentleman. To go back a little further, it was the government of Sir Wilfrid Laurier which in 1897 introduced the British preference. I could not find the exact quotation—hon. members opposite will correct me, I am sure, if I am wrong—but I think I am right when I say that for some years Sir Wilfrid took the attitude that we should get something in return, something by way of preference from Great Britain.

Mr. MACKENZIE KING: Sir Wilfrid's position was that if at any time England became a protectionist country, we should then expect to be given a preference in the British market.

Mr. MANION: I attempted to look it up but I could not find it. I accept what the right hon. gentleman has said; and that is exactly what we advocated and what we accomplished in the end. While Great Britain was a free trading country she could hardly give any preference or advantage to the different portions of the empire, but once she became protectionist—I pointed out the other day, Great Britain collects three times as much customs duties per capita as we do—it was then possible for her to return favour for favour, to return something for the favours which she had been receiving since 1897. I submit that the empire trade agreements negotiated in 1932 by the Bennett government were a great triumph.

Great Britain is not only the greatest market in the world, but she is a sheltered market; and that was particularly valuable once we got a preference: the preference gave us shelter. There is another point that should be considered, and that is the fact that Great Britain is a static market; in other words, her population remains practically stationary, and she does not increase her purchases from the world. She goes on buying the same amount of commodities, aside from armaments, year in and year out. It is worth remembering that it is our loss when the United States, competing with us in that market in products such as wheat, fruits and lumber, get some of our export business. If by this treaty we lose in exports to Great Britain, granting world conditions remain the same, ours will not. We would be increasing our unemployment and our distress through allowing the United States to take some of the market which previously we had enjoyed.

As I admitted a moment ago, we also wanted a trade treaty. But in seeking it we asked for it on a fair basis. We did not attempt to get that trade treaty, or trade agreement—I am using the terms interchangeably—except on a basis of favour for favour. After all, there are many reasons why we should get fair treatment from the United States. I have before me the letters exchanged between the Canadian and United States governments in 1934. The right hon. Prime Minister quoted them the other day. I have no intention of reading all the letters, which were issued as a white paper in 1935. I suggest to any hon. members who have not read this white paper that they do so; they will find it very interesting. The letter from which I intend to quote is dated at Washington, November 14, 1934, and is signed by Hon. W. D. Herridge, who was then our representative at Washington. It is addressed to Mr. Cordell Hull, and reads as follows:

> The government of Canada for many months have been giving careful consideration to the means whereby the exchange of commodities between Canada and the United States might be increased, and I have been instructed to present a statement of their views for the information of the government of the United States. The government of Canada believe that the time has come for definite action and that the declared desire of both governments to improve conditions of trade between the two countries should now be carried into effect by the negotiation of a comprehensive trade agreement.
>
> You will recall that when the Prime Minister of Canada visited Washington in April, 1933, at the invitation of the President of the United States, the development of trade between the two countries was sympathetically discussed.

I think the right hon. Prime Minister quoted that the other day. Then lower down in his letter, Mr. Herridge says:

> Since Mr. Bennett's visit, informal discussions have been carried on, and several methods of improving trade relations between the two countries have been suggested and examined.

I should like to quote further from the letter, a part which applies particularly to this discussion. It reads:

> It is hardly necessary to stress the importance to both the United States and Canada of their mutual trade. For many years each country has provided the other with either its largest or its second largest foreign market.

Here is an interesting part a little further down:

> During the decade ending in 1933 Canada provided a market for the products of the United States larger by one-fourth than the whole of Asia, about twice as large as Germany or all South America, nearly three times as large as France or Japan, nearly seven times as large as China, and more than ten times as large as the Soviet Union. In spite of the considerable decline in trade from the high level of 1929, Canada still provided a market in the first nine months of 1934 only slightly smaller than all Asia, nearly twice as large

as all South America or Japan, between two and three times as large as Germany or France, four times as large as China, and twenty-two times as large as the Soviet Union.

Then he continues on the next page:

In no year since 1882 have Canadian exports to the United States exceeded in value Canadian imports from the United States.

Since that was written in 1934 there have been a couple of years when Canadian exports to the United States were slightly larger than Canadian imports from the United States, but apparently those are the facts up to that time. The letter continues:

During the thirty years ending in 1933, Canada purchased in the United States almost 70 per cent of all her imports and sold in the United States only 37 per cent of all her exports. In the last decade, Canadians have spent over $1.60 in buying products of the United States for every dollar spent on Canadian products by purchasers in the United States.

That is not a per capita comparison.

Mr. EULER: It is a better comparison.

Mr. MANION: That is a matter of opinion. I am not quite in agreement with the hon. gentleman, but he will have a chance to deal with the matter later on. I am not going to argue about it at the moment. The letter goes on:

Canada has therefore been obliged to meet the debit balance thus arising by other means of payment. In the decade 1921 to 1930, according to the Department of Commerce of the United States, the balance payable by Canada to the United States on exchange of commodities averaged $287 millions a year.

That is a huge balance in favour of the United States. Then on page 8 he said:

Since the beginning of the depression, amongst countries heavily indebted to the United States, Canada stands almost alone in having promptly discharged in full its obligations payable in the United States.

I am pointing this out because I remarked at the beginning of my speech that the United States had every reason to treat us very well in connection with trade agreements. I shall quote briefly from the final part of the letter as follows:

I am authorized to put forward the following outline as a suitable basis for the negotiation of a trade agreement:

(a) A mutual undertaking to maintain during the lifetime of the agreement the unrestricted free entry of commodities now on the free list of either country.

(b) The mutual concession of tariff treatment as favourable as that accorded to any other foreign country;

That is the gist of that paragraph.

(c) The reduction by 50 per cent of the existing United States rates of duty, as authorized by the Tariff Act of 1934, on a specified number of natural products, including inter alia, lumber, fish, potatoes, milk and cream, and live cattle; a number of other agricultural products, and several minerals both metallic and non-metallic.

That, in brief, is the gist of the letter; and if you will note, Mr. Speaker, at no page or paragraph of that letter did we offer to give up our preferences in the United Kingdom. That, to my mind, is one of the chief points of difference between our proposal to the United States government and the attitude taken by the present government.

Mr. MACKENZIE KING: May I point out to my hon. friend that neither did we, with regard to our first treaty.

Mr. MANION: In 1935?

Mr. MACKENZIE KING: Yes.

Mr. MANION: I quite agree, but you did with regard to this treaty, and this is the one I am discussing.

To prove again that the Conservative party is favourable to trade I am going to read the plank of the Conservative party adopted at its national convention last July. It has a direct bearing on the present discussion, because, of course, it was known at that time that the trade treaty was being negotiated, and I suppose the negotiations had some bearing on the drafting of this resolution. It is a little lengthy, but I will read the whole of it because I think it should be on record both for us and for our friends opposite. It is the trade and commerce resolution passed in July at the National Liberal—no, not Liberal; I was going to say Liberal-Conservative, but they changed the name of the party to National Conservative, and I have not quite got used to it yet. This is the plank:

This National Conservative convention declares its continued adherence to its traditional policy of fostering and sustaining by fiscal protection Canadian labour and Canadian industries, and especially the primary industries of agriculture, fisheries, forestry and mining, all of which are essential to the maintenance of a well-balanced national economy, while, at the same time, guarding against undue advantage being taken of the protection so afforded.

It also affirms its adherence to the underlying principles of that policy, which have served to stimulate the development of the natural resources of Canada, to preserve and to enlarge the domestic markets for Canadian products, to promote interprovincial trade, and, generally, to provide a diversified economic life which will serve to retain Canada's sons and daughters within our own boundaries.

This convention affirms the policy of having tariff schedules under scientific investigation by a permanent tariff commission and that, in case it is ascertained that unfair advantage is being taken of any customs duties imposed by such schedules, the tariff commission shall

make recommendations, to which effect shall be given by the government, for reducing such rates of duty or for removing them from the tariff schedules.

That is very important, and I have so stated on many occasions on public platforms. In other words, it is the plank against exploitation behind tariff walls. We established the tariff board on that very basis, as my hon. friend from Leeds (Mr. Stewart) reminds me. I continue with the resolution:

This convention affirms its firm adherence to the policy of preferential trade within the British commonwealth of nations, by which Canada obtained the boon of tariff preferences in the markets of the United Kingdom and of other dominions, and which have served to mitigate the severity of the trade depression during recent years, and which were approved by parliament, despite the bitter, determined and prolonged opposition of the Liberal party.

This convention is convinced that the permanent interests of Canada are best conserved by enlarging our markets in the United Kingdom and in other British dominions, whose products are more complementary than competitive with those of this country, and with which our trade agreements are more likely to be durable and beneficial.

Then this last paragraph:

This convention believes that the external trade of Canada may also be increased advantageously by the negotiation, on a fair and equitable basis, of trade agreements with countries which are outside of the British Empire, but that in negotiations with foreign countries, the terms agreed upon should not be such as to impair the benefits derived by Canada under existing agreements between Canada and the United Kingdom and between Canada and other British dominions.

It seems to me, sir, that that resolution is proof sufficient that the Conservative party is not a party of economic nationalism, and that all of us believe in trade.

The Prime Minister claimed, and the Liberal party have been claiming, that this treaty helps to foster world peace and the unity of the democracies of the world.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: Some of my hon. friends opposite, I think about half a dozen, applaud.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: They did better the second time, stimulated by my comment.

Mr. MACKENZIE KING: I was speaking of this treaty in conjunction with the United Kingdom-United States agreement.

Mr. MANION: The right hon. gentleman talked as if this was not a trade treaty but a peace treaty. As I listened to him, I thought he spoke, as if we had just been engaged in a spectacular war with some great nation and had won a glorious victory; and as I waited for his peroration I watched, as an hon. gentleman watched me on another occasion, to see the victims come marching up through the aisles of parliament. He spoke as if we had won some great victory, and yet, as I pointed out the other night, not since 1812, a period of over a hundred years, have we had any differences of a serious nature with the United States, and certainly since the beginning of the century there have been no differences between Great Britain and the United States. It is true, I admit, that prior to the beginning of this century, there were those in the United States who occasionally twisted the lion's tail, as the phrase was at that time, but since the end of the last century so far as I know there has been no attempt, except perhaps by an occasional individual, to do anything of that kind. Yet it looked to me as if the Prime Minister were trying to point out in his address to the house the other day, and indeed he implied this in his interruption a moment ago, that this treaty meant a great advance towards peace throughout the world. On occasion the right hon. gentleman can attain heights of oratory on matters of that sort, even if, as now, he is imagining most of what he says. I well remember, and I thought of it as the right hon. gentleman spoke the other day, an expression used by an old friend of his, and incidentally of mine, the late Right Hon. W. S. Fielding, but not with reference to the Prime Minister. He said that a certain gentleman on the other side of the house could make a hogshead of lather out of an ounce of soap. I could not help but think of the expression when the right hon. gentleman got so much worked up the other day on this question. I envy him at times when he does that sort of thing. I am not able to do it. I am just a plain, blunt man who sticks to the facts. I do not use language—

Mr. DUNNING: My hon. friend does not need any soap at all to make a lather.

Mr. MANION: My hon. friends opposite are pretty slippery with the soap they do use. I use language to express my thoughts, not to hide them. And so I suggest that all of us, including even the Prime Minister and the Minister of Finance, should keep our feet on the ground and not get our heads up among the clouds. After all, we are but eleven millions of people and we are not so powerful a factor in the peace of the world as some of us seem to think. Let us be realists, not weavers of words or dreamers of dreams.

I want to emphasize the fact that all of us in this great dominion are friendly to the United States. The majority of the people

in our two countries speak the same language, and have the same traditions, the same customs, the same laws. We understand each other. For the people of the United States we entertain most friendly feelings. I admit frankly that in common with other after-dinner speakers I have often boasted of Canada and the United States living peacefully side by side for over a hundred years, without serious quarrels or disputes, as an example to the world of which we may well be proud. In that connection I want to take exception to one thing which the right hon. gentleman said about me in his speech, in the debate on the address. He referred to me as if I had spoken of the president of the United States. But I would point out that I did not mention the president of the United States at all. What I said was that after the Munich agreement all I heard coming from the United States—these were my words, and perhaps they were not quite as definite as they should have been—was criticism of Chamberlain. I was referring to writers, and to such magazines as *Time,* a very fine magazine which I read regularly and like very much, but which makes me see as red as its cover by its articles against Chamberlain and the settlement which the British and the French made at Munich. Indeed, since I spoke on the address, a professor from one of the United States universities made a speech in Montreal quite critical of Mr. Chamberlain, and along the same lines. The reason I mention it—

Mr. MACKENZIE KING: I do not think that my hon. friend caught the significance of my remark. I did not think he had reflected on the president; rather I thought he had forgotten altogether the president's contribution.

Mr. MANION: I was not speaking of the president; I was speaking of the populace generally. The right hon. gentleman is more careful to-day than he was the other day. I have the quotation here, and I think I had better read it so that there can be no misinterpretation:

> I was rather surprised this afternoon to hear what my hon. friend had to say about the actions of the President of the United States at the time of the crisis last year.

That is on page 58 of *Hansard.* On page 59 he said:

> I say to my hon. friend that if he had given that quotation to the house—

He had quoted Mr. Chamberlain.

> —instead of saying what he did, he would have been more patriotic in his attitude. I can conceive of nothing less patriotic in these times than an effort on the part of any Canadian public man or citizen to try to create prejudices between this country and the United States.

Mr. MACKENZIE KING: May I say to my hon. friend that the actions of the president which I there referred to were the all important communications that he sent to Germany and to other countries. My hon. friend's remark was to the effect that nothing had come out of the United States except criticism.

Mr. MANION: I admit that I was a little indefinite and probably did not make my point clear, but the right hon. gentleman had no right to apply to me statements about the president of the United States which I had not made, and he had much less right—I mention this very seriously to-day—to question my patriotism. I do not question the patriotism of anybody in this house: I say this very seriously. I take it for granted that we are all good, loyal, patriotic Canadians. I am not going to question anybody's patriotism, but I object very strongly to anybody questioning mine. Probably that will be sufficient to say regarding that matter. The reason I mention it at all is that it was misinterpreted in England. I had a letter from a friend who said he had read a report of my speech in the London *Daily Telegraph,* and he added, "Until I read your speech in *Hansard*—with every word of which I agree—I was under the impression, gained from the report of the Prime Minister's remarks, that you had said things which were not very wise."

In closing the incident I just suggest this, that we should all bear in mind in discussing foreign relations of any kind that these international relations are too important and too delicate to be made a football of politics, and that we should avoid anything in the way of taking, even though we have the opportunity, political advantage from them.

Let me say further about the President of the United States that nobody more than our group welcomed the words of the president at Ivy Lea, when he said in effect that the United States would come to the relief of Canada if Canada were attacked.

Mr. MACKENZIE KING: It was at Queens university, Kingston.

Mr. MANION: I beg pardon: it was the same day the bridge was opened at Ivy Lea. We should remember, however, that the president's statement had no reference to trade. To my mind it was a statement of the position of the United States with regard to its own self-defence. It is to prevent a flank attack upon the United States that the United States so frankly takes this attitude. Ever since the Monroe doctrine was declared, over one hundred years ago, the United States has taken the same attitude The Monroe

doctrine forbids any European country which was not then already settled, in a sense, on this continent from becoming settled here; and I have no doubt that if Mr. Roosevelt were asked he would say that he would go just as quickly to the defence of Mexico, were Mexico attacked by some foreign country, as he would to the defence of Canada. As I say, that would be done for the purpose of self-defence, because the Americans do not want Japan, Germany, Italy or any other country to get a foothold in Canada or Mexico and thereby to gain a side-door entrance to the United States. The president's statement had nothing whatever to do with trade. I say also that the friendship of the democracies has nothing to do with trade. Great Britain and France, Canada and the other British dominions, and the United States are and should remain friendly, and I think will remain friendly, because they have the same ideals of individual freedom, much the same parliamentary institutions, and largely the same economic system. These democracies all desire peace. The peoples who are endangering the peace of the world at the present time are not the democracies but the dictatorships. I venture to say that if future wars were dependent upon the actions of the democracies the world would never again be cursed with war.

To support my attitude may I make one or two quotations? I took this out of the Ottawa *Journal* yesterday afternoon: it is dated February 15, from Washington:

> The House of Representatives heard sales of United States airplanes abroad defended to-day on the ground that "Americans are safe only so long as England and France stand."

That is what one congressman said. A little further down:

> Representative Pace, democrat, Georgia, member of the house military committee, told the house that he thought it was sound to aid Great Britain and France build up their defences because if those democracies fell before the dictatorships a major bulwark of the United States would be removed.
>
> "Is it not better," he said, "to sell England and France planes for their defence than to go to war with a big power to prevent an encroachment on this hemisphere?"
>
> Asserting that the United States "for selfish reasons" would be forced, defensively, to go to the aid of Canada or Great Britain in an emergency, Pace added, "I feel sure that the President did not say 'Our frontier is on the Rhine'. In my judgment he could well have said, 'Our first line defence is England and France'. When we see England and France go down, we are threatened."

That is an American view of the whole situation. I think it is a perfectly proper and correct view. And that is the reason; not trade treaties, not trade, not dollars and cents; but the freedom of democracy, the belief in democracy, is the reason that the United States is ready if necessary to help, in various ways, countries like the United Kingdom, France and Canada, in case of difficulty.

With regard to international appeasement, we all want it. We want it just as much as we want peace. But appeasement, like charity, begins at home. We have not appeasement, at least we have not peace, in our own country to-day because of economic conditions, unemployment, lack of opportunity, insecurity, all of which are so common throughout Canada at the present time. To my mind—and I shall try to prove it before I conclude—this agreement increases those detrimental economic conditions and therefore lessens the possibility of our having peace and appeasement in our own country.

A few moments ago I quoted an American. I am now going to quote a prominent British public man, in regard to this treaty, to show that the British are not putting up any verbal fog to try to confuse the people. They are talking of the two trade agreements, merely as business arrangements. Mr. Oliver Stanley, president of the board of trade, who occupies the same position in Great Britain as the Minister of Trade and Commerce does in Canada, speaking at a luncheon of the Canadian chamber of commerce in London a few days after these agreements were signed, made this statement:

> "You may ask what about the political effects of the agreements," said Mr. Stanley. "The fact is I have never looked upon this as a political treaty. I have looked upon it entirely as an economic bargain."

That is his attitude. It is the attitude I am taking, and it is the attitude I think we should all take. It is not a matter of politics so far as the agreements are concerned; it is a matter of business.

Here is another quotation from the same speech of his, and I think it is worth putting on *Hansard* although it has not any connection with the immediate statement that I have made:

> It was natural in trade matters, he said, that "we should consider our own interests first and the empire next."

In other words, he was looking at it from the straight point of view of business—the proper attitude. No criticism is implied in my quoting that. A week later, on November 28, he made another speech. Joseph Kennedy, the United States ambassador to the court of St. James, was present. Here are two more quotations from Mr. Stanley's speech in reference to the new

Anglo-American trade agreement. True, he was not referring to the Canada-United States treaty, but his conclusion applies.

Mr. Stanley, praising it as "wide and fair," said Great Britain concluded the pact without political aims.

That is clear. I want my right hon. friend particularly, and some of his followers, to mark the next clause:

"It takes in more than 600 items," he said, "but one item we did not include was 'eyewash.' We think it is eminently fair to both sides and to the world."

I suggest that the eyewash might be left out in Canada as well as in England. Let me quote another British opinion. The Right Hon. L. S. Amery, speaking at the annual meeting of the Empire Industries Association on November 29, 1938, ten days after the treaty was signed, made a statement which was quoted in the London *Times* of November 30, 1938. I quote:

Mr. Amery begged leave to be a little skeptical about the claim that this treaty was a contribution towards international trade and goodwill. He suggested that it would not have the slightest effect on the policy of totalitarianism or on economic nationalism in other countries, and he frankly believed that as a contribution to the opening of the trade doors of the world it was more imaginary than real. The Ottawa agreements—

—that is, the empire trade agreements of 1932—

were intended to be the first steps in a forward policy for the development of interempire trade. It seemed to Mr. Amery that any further steps in that direction were forbidden in almost every direction by the Anglo-American treaty.

That is as far as I shall go in discussing that aspect of the question. I submit that the talk about this treaty as having anything whatever to do with world peace is simply what Mr. Oliver Stanley called it, "eyewash."

There is another point I should like to touch upon at this juncture. In his speech the Prime Minister apparently objected to my describing the Canadian newspaper release as ballyhoo and propaganda. Well, there were forty-three pages in the press release, and if it was not ballyhoo and propaganda, some of it at any rate was deceptive. I find that the people's money is being used for the spreading of political propaganda about this treaty. I have here a page of the Toronto *Star* of February 7, 1939, ten days ago, over half of which is taken up with a paid advertisement signed by the Minister of Trade and Commerce (Mr. Euler) and by the deputy minister—an advertisement paid for by the taxpayers of Canada. To my mind it is largely Liberal propaganda. For example, in large print there appears this statement:

New trade agreements are further encouragements to Canadian exporters.

That may be correct; I will not argue at the moment about the possible facts. I do not understand, however, why the people of Canada should be asked to pay for such advertisements, and I use the word "advertisements" advisedly, because I do not doubt the hon. gentleman had it printed in other newspapers. I do not suppose he limited it to the Toronto *Star*. I do not see why the Canadian people should pay for putting out Liberal propaganda.

Mr. DEACHMAN: Any more than they should pay for Tory propaganda published by the former Minister of Trade and Commerce.

Mr. MANION: The hon. gentleman can take that up when he speaks. That should not have been paid for either if it was paid for by the government. I do not know about it. There was some criticism, my colleague the hon. member for Leeds (Mr. Stewart) says, but I do not remember the incident. I say frankly that it should not have been paid for.

The Prime Minister pointed out that the trade agreements favoured the democracies; but they also favour the autocracies, because through the most favoured nation clauses, countries like Japan, Germany, Italy and even Russia are favoured by the agreement. At any rate they are favoured indirectly, and that without giving any return to Canada. For example, Russia and the Argentine are favoured, because when you take off the six cent preference on wheat which was favourable to Canada you give Russia and the Argentine the same advantages in the British market as you give to the United States. Since the war, in one or two periods at least, Russia has been a large exporter and yet, under the treaty, we give to that country the same advantage without gaining any return.

Trade treaties are not necessarily peace guarantors. Austria had a trade treaty with Germany just before Hitler walked in and took possession. As a matter of fact, there are in all trade treaties the seeds of disharmony. I do not intend to quote many passages from the agreement, but from pages one to ten I find a number of indefinite terms, terms so indefinite indeed that they might well lead to misunderstanding. For example:

In those cases in which the other country is a relatively large supplier of any such article . . .

And again:

. . . the commerce of the other country shall receive fair and equitable treatment.

Whose judgment is to be final in deciding this question? With regard to sawn lumber and timber this phrase is used: "In substantial

quantities." But what are substantial quantities? Who is to determine that question? As I say, it might lead to disputes. Again:

If a wide variation should occur in the rate of exchange . . .

What is a wide variation? Does a wide variation exist to-day? To what extent must the rates vary to constitute a wide variation? These are examples of many expressions that are to be found in the treaty, which are open to dispute and which might lead to serious differences of opinion. I admit that it is not a very grave matter, but it might develop into something serious. A trade treaty might well lead to differences instead of bringing about understanding and harmony.

I suggest that the Liberals are trying to float this treaty through on a flood of propaganda. After all, I repeat, the United States is our chief competitor in wheat, fruits, meat and lumber. The Minister of Trade and Commerce, speaking on the address, made the statement that the United States now recognizes British preferences.

Mr. EULER: Hear, hear.

Mr. MANION: The minister says, "Hear, hear." Have we reached the stage where the United States has to recognize British preferences? Is that to be regarded as another step beyond that taken by the Prime Minister in 1929, I believe, when he said that in trade matters we must do nothing to provoke the United States? Is it another manifestation of the same attitude taken by the right hon. gentleman at that time? Certainly it does seem strange to me.

Let me give briefly some of the chief objections to the treaty as I view it, because I cannot help the feeling that we have given up the British substance for the American shadow. Briefly, these are my principal objections to the treaty:

1. It makes for greater competition with our industries which are very much the same as those of the United States.

2. It affords concessions to thirty-one favoured nations which give nothing in return.

3. It brings unfair competition from favoured nations such as Japan, Germany, Italy, as a result of low standards of living and low wages, and the loss of all liberties to labour in those countries, without returning anything to Canada.

4. It is the beginning of the destruction of the whole British preferential system for which we have been struggling since 1897 and which we accomplished in the British trade agreements of 1932.

5. It cuts into the British markets, our best markets in wheat, fruits, lumber, and so on.

6. It injures our Canadian traffic and damages the transportation system, railways, steamships and so forth, sending traffic north and south instead of east and west.

7. It gives too much in return for too little; in other words, it is not an equalization of favours.

8. It will probably lessen revenues through the elimination of the three per cent special excise tax and the lowering of other tariffs.

9. It will probably increase unemployment through greater competition with industries such as coal, mining, manufacturing and so on.

Why is it that we get the worst of it in this agreement? There are a number of reasons. In the first place, the United States tariffs were and are much higher than ours. They have always been; they have been much more highly protected in the United States than we have been, their tariffs starting higher up than ours and not having to come down as low. The United States duty against wheat, for example, was 42 cents a bushel; our duty against their wheat is 12 cents. The Prime Minister himself pointed out that if the wheat duty into the United States were cut in two, from 42 cents to 21 cents, it would not be of very much use to the Canadian wheat grower for the reason that 21 cents would still be too high a tariff over which to ship Canadian wheat. That is all the president of the United States could do—cut the tariff in half. That is the second reason why we got the worst of it; the maximum cut the president could make, according to the act of 1934, was fifty per cent of the tariff, whereas we could and in some cases did take away altogether the tariff against United States products.

Third, they are shrewder traders than we are. I had the word "sharper" in my notes, but I do not like to use it because it might be taken as offensive, and I do not mean it in that way. The down-east Yankee spirit is strong in the United States, and incidentally I like the down-east Yankees, so I am not using that phrase offensively. The hon. gentleman to my right says they out-smart us, and I think they do.

Fourth, the United States has only nineteen favoured nations which automatically get the favours that they give Canada, while we have thirty-one favoured nations.

Fifth, their producers had the opportunity of appearing before the committee for reciprocity information, which is in the nature of a tariff board, to register opposition to the negotiation of a treaty that would affect them. That opportunity was not afforded Canadian producers in this country. I hold in my hand a Department of State press release of January, 28, 1938, a little over a year ago, when

this treaty was under negotiation. It is marked, "Confidential release for publication in the morning newspapers of Saturday, January 29," and contains these words:

The Secretary of State issued to-day formal notice of intention to negotiate a new trade agreement with the government of Canada.

Here are the two paragraphs that illustrate the fact that the producers in the United States had an opportunity to appear before some authority, while ours did not:

Pursuant to section 4 of an act of congress approved June 12, 1934, entitled "An act to amend the Tariff Act of 1930," as extended by public resolution No. 10, approved March 1, 1937, and to executive order No. 6750, of June 27, 1934, I hereby give notice of intention to negotiate a trade agreement with the government of Canada.

This is the next paragraph:

All presentations of information and views in writing, and applications for supplemental oral presentation of views with respect to the negotiation of such agreement should be submitted to the committee for reciprocity information in accordance with the announcement of this date issued by that committee concerning the manner and dates for the submission of briefs and applications, and the time set for public hearing.

That is signed by Mr. Cordell Hull. I think this should be on record. What has happened as a result of this opportunity being afforded in the United States, together with the fact that they are shrewder traders than we are? With regard to very many products the duties in the United States are much higher since the negotiation of this treaty than the same duties in the reverse direction, that is, in Canada. It is true that there are a few items where the opposite is true, but there are not very many; I hunted for them. Take the case of bacon, hams, shoulders and other pork products. The duty in Canada is 1¾ cents per pound; the duty in the United States is 2 cents per pound. The duty on potatoes entering Canada is 37½ cents per hundred pounds for six weeks, from June 15 to July 31, and for the remainder of the year they enter free. The duty in the United States is 37½ cents from March to November and 60 cents from December to February. On carrots, radishes and cauliflower there is a ten per cent duty on importations from the United States and a 25 per cent duty on United States importations from Canada. On asparagus and spinach there is a 10 per cent duty this way and a 50 per cent duty the other way. On tomatoes our duty is 1½ cents and the United States duty is 3 cents.

Mr. ILSLEY: That does not take into account our valuations, which form a very important part of our tariff system.

Mr. MANION: I do not suppose that takes into account their valuations either.

Mr. ILSLEY: They do not have them.

Mr. MANION: These are the rates now in force, and I do not suppose there is any reason to suspect that our valuations are higher than theirs, in proportion.

Mr. ILSLEY: It is a different system altogether.

Mr. MANION: On mackerel, for example, to take one of the many fish items, the duty is ½ cent per pound into Canada and from 1 to 1½ cents into the United States, depending on whether the fish are fresh or frozen. Wheat, as I have already said, carries a duty of 12 cents entering Canada and 42 cents entering the United States. I have various clothing items here also. On clothing of which silk is the main component the duty is 30 per cent in Canada and 65 per cent in the United States. On clothing of which artificial silk is the main component the duty is 32½ per cent entering Canada and 45 cents per pound and 65 per cent going into the United States. In view of all this boasting with regard to the effects of this treaty I ask why Canada's duties on the vast majority of these items should be lower than the duties on the same commodities entering the United States.

During the debate on the address I presented an argument which I should like to repeat now, that the United States is and always has been an uncertain market for Canada. I think the Prime Minister mentioned the reciprocity treaty of 1854, which was cancelled very abruptly in 1866, and earlier in my speech I quoted Sir Wilfrid Laurier's words about "no more pilgrimages to Washington." I presume he was referring to that very treaty. I have also put on record the fact that in 1922 the United States imposed the Fordney-McCumber tariff and in 1930 the Hawley-Smoot tariff against our products. It may be said that those tariffs applied to all the world, but we were a big exporter to the United States, and this was done at a time when we were importing almost twice as much as they were buying from us. My hon. friend the Minister of Trade and Commerce said my comparison of $11 per capita as against $1 per capita was not fair. I am not going to argue the point; I do not think it matters very much, because I did not mean to be unfair, but surely it would be reasonable to compare one nation with the other. Surely the United States with 130,000,000 people should buy as much from us as we, with 11,000,000 people, buy from them.

Yet, sir, in the decade from 1921 to 1930 our trade with the United States showed a balance against us of $287,000,000 per year.

It seems to me the United States have always been rather harsh towards us, in view of the fact that we are their best customers. Writing in the *Foreign Affairs Journal* of October, 1929, Professor Taussig of Harvard used these words:

> For many years we have treated Canada much as a big bully treats the smaller boy.

In my opinion that was demonstrated by the Lumber Marking Act of 1938. At that time we had a trade treaty which had been negotiated by the right hon. gentleman and his colleagues, which included lumber; yet the United States put through this marking act which, our lumbermen complained, prevented by a roundabout method our lumber from entering the United States.

Mr. REID: Has that not been removed?

Mr. MANION: Yes, it has; but for some months it was in force, and all the lumbermen who spoke to me about it at the time, long before this treaty was negotiated, pointed out that the very fact that each piece of lumber had marked on it "Produced in Canada" prevented a great deal of our lumber from entering the United States.

Mr. MACKENZIE (Vancouver): It came into force on September 1 of last year.

Mr. MANION: Yes, and was cancelled some months later.

Mr. MACKENZIE (Vancouver): It was cancelled when the new treaty was signed.

Mr. MANION: It was in effect only for two or three months, but in my opinion that was an unfair method of dealing with our lumbermen, and that is all I am pointing out.

Then there is the cattle quota. In the press release of my right hon. friend and his government it was stated that we had a cattle quota of something like 225,000 head —I think that is the correct figure—to be shipped into the United States. And we thought we had. Now, it is discovered that that is what the United States calls a global quota—that is, it refers to the whole world, and does not refer to Canada alone. As a matter of fact, in the first quarter of this year we learned that instead of our having the right to ship into the United States 60,000 head of cattle, Mexico shipped in 45 per cent of that 60,000, and that is cut off from our cattle quota. Why?

My right hon. friend objected to my using the word "propaganda". He objected to my using the word "ballyhoo". I say now that if the fact which was mentioned in the release, namely that we have a quota of 60,000 head, is not ballyhoo or propaganda, then it is deception—and I think it is deception. I should have used the word "deception" to the people of Canada.

Until the other day—I discovered it I believe—we did not know that part of the quota was given to Mexico.

Mr. MacNICOL: Do they know?

Mr. MANION: I had a letter from western Canada, but I shall deal with it later on. There is another point I should like to make about the unfair results of the treaty. It is this rather extraordinary thing which was shown in the press release. Our new reductions to the United States number 283 items, whereas their new reductions to us number 129—considerably less than half.

Mr. EULER: Items do not mean anything; it depends upon the amount involved.

Mr. MANION: Apparently nothing means anything to my hon. friend. I am speaking of the items and, as I say, so far as I can see, the United States is getting two to one, from this government. I am asking myself: Why should they?

The government claims that the six cent preference on wheat we were given in the empire trade agreements was of no use. They have said that this preference was of no particular value to us. Well, perhaps it does not matter to a farmer in the west to-day because he has obtained a guarantee of eighty cent wheat, so he is not worried. But I say that every bushel of United States wheat which goes over there to replace our wheat is just that much more competition against us. And it is a most dangerous type of competition because it replaces our wheat and shows the British consumer that United States wheat is as good as ours—or almost as good. There is not much No. 1 hard; it is mostly No. 1 northern; and the northern United States produce good wheat. In addition to that, as I pointed out, Russia and the Argentine, without giving anything in return, get the same advantage. If Russia achieves an exporting position for wheat, she has the same advantage.

Mr. REID: Is it not a fact that the United States government was subsidizing wheat up to seventeen cents a bushel, and that since this new agreement has passed they have agreed not to subsidize the wheat growers in the United States, on the British market?

Mr. MANION: I do not know whether they have agreed to that. I did see the item in the press to that effect. I shall deal with that in a few moments.

It seems to me that if the United States is subsidizing United States wheat, that is all the more reason why we should retain our preference. If it is not another advantage to the United States to have the preference of six cents a bushel removed, then why is the United States so jubilant over it? In their official publications they have been jubilant. I shall quote two items of their press release regarding wheat. These are their views in regard to the six cent preference.

Mr. DUNNING: And the opposition down there calls that document ballyhoo.

Mr. MANION: I assume there is a certain amount of ballyhoo about it, too. I admit we are not the only people who play politics. But at the same time this is the statement in their press release. It was not distributed by the government of Canada. I happened to get this from the United States office. Here is what they have to say about grain, at page 6:

One of the most important concessions is the removal of the duty on wheat, which has been equivalent to about six cents per bushel. This has tended to divert trade to Canada and Australia. The United States formerly sold great quantities of wheat to the United Kingdom and with normal crops in the future and the restoration of free entry it should again be able to sell large quantities. Also, as a result of the removal of the preference, it should be possible for American port and transportation interests to regain their lost business in the transhipment of Canadian wheat to the United Kingdom.

I agree with that. I used that argument before I saw that statement; I believe I used it in my speech on the address in reply.

Then, at page 19 of the same release they say the following—and this is the proof of the pudding, so to speak:

Grain and grain products.

Wheat: The granting of duty-free treatment for wheat by the United Kingdom should prove of marked value to American wheat growers and the American wheat export trade. The import duty on non-empire wheat has been at the rate of 2 shillings per 480 pounds since November 17, 1932.

That is, the six cents a bushel.

A duty of this size (about six cents per bushel) applicable to wheat from some countries and not others often is sufficient to divert the trade.

Then they go on:

The concession of free entry for American wheat should benefit also the American transportation and port business. In order to obtain the benefits of the United Kingdom preference, Canadian wheat, which formerly moved in large quantities through American ports has under the preference been shipped principally to the United Kingdom direct from Canadian ports. In view of this concession, American port and transportation interests will be in a position to reenter the transshipment business.

The United Kingdom is the leading wheat-import market of the world. Formerly about a fourth of the total American wheat exports were regularly shipped to the United Kingdom. Under the influence of the world economic depression and the establishment of an import duty in 1932—

Get this.

Under the influence of the world economic depression and the establishment of an import duty in 1932—

That is what we got.

—(with empire wheat remaining duty free), imports of American wheat into the United Kingdom dropped from 39,267,000 bushels in 1930 (20·1 per cent of total wheat imports) to only 9,000 bushels in 1933—

Mr. DUNNING: They did not have any wheat to sell.

Mr. MANION: It is strange they did not point that out.

Mr. DUNNING: They were buying wheat from Canada.

Mr. MANION: We did not have much wheat at that time, as a matter of fact; that was a drought year.

—while imports from empire sources for the corresponding years rose from 79,234,000 bushels (40·5 per cent of total wheat imports) to 140,459,000 bushels (67·0 per cent of the total).

That was the difference between 1930 and 1933. Well now, the very figures of the imports given by them as a proof of the injury done to the United States wheat grower by the six cent preference on Canadian wheat shows the correctness of the argument that the United States was injured and that we were benefited by that preference.

Then, I have here an item from Boston, appearing in the *Telegraph-Journal* of St. John on January 20, 1939:

First Canadian wheat to move through the port of Boston to British markets in more than two years, a shipment of 24,000 bushels will be placed in the steamship *Newfoundland* on Saturday for delivery at Liverpool.

Earlier this month a shipment of 280,000 bushels of Canadian wheat moved through this port to Rotterdam. Shipment of Canadian grain through Boston follows the removal in the United Kingdom-United States trade treaty of the six cents a bushel preference on grain shipped to Great Britain through Canadian ports.

That is clear. I do not think the matter is debatable. Then there is another item from the Dow Jones agency of New York showing

that they expected the same occurence to take place, namely that the ports of Canada would be hurt and the United States ports helped.

I have here another item—from the *Christian Science Monitor* of November 18—of which I shall read only one paragraph:

"As a result of the removal of the preference," a state department announcement said, "it should be possible for American port and transportation interests to regain their lost business in the transshipment of Canadian wheat to the United Kingdom."

Those facts seem to me unanswerable. It is not a case of an opinion; the facts are there. I have in my hand an article sent to me by a practical grain man of the city of Montreal. This is a statement which appeared on February 3, 1938, a year ago. I take it it was prepared by the shipping interests in Canada. They point out something which is quite true, that while there was nothing in the empire trade agreements that forced Canadian wheat through Canadian ports in order to get the preference, the fact was that the British customs regulations actually forced our wheat to go through our ports. I shall read just a brief summary from this document.

Mr. DUNNING: Who put it out?

Mr. MANION: I imagine it was the transportation interests which were affected.

Mr. DUNNING: Did any one sign it?

Mr. MANION: It is not signed. I shall pass it over to the hon. gentleman when I have finished. It reads:

If the preference is lifted or varied which it can be done by the United Kingdom customs the Canadian interests affected are:

1. Canadian lower lake elevator interests, as storage and transfer will naturally flow again through U.S. lake and Atlantic ports.

2. Canadian lake carriers, as with shipments via Buffalo-Atlantic ports, American ships can carry to Buffalo and will do so, as next season's outlook is for restricted traffic of American products for the American lake carrier.

3. Canadian railroads, as they would lose the bay-Montreal haul during navigation season, and Montreal-Saint John, Halifax during winter seasons.

4. Canadian labour on Canadian ships, railways and in elevators, et cetera.

It may be said that this is exaggerated, but I do not think so. Naturally those who are interested do not want to be injured by this treaty, and they published this pamphlet. As I said, I do not know just who published it, but it was sent to me by a prominent grain man in Montreal as their argument. Here are some interesting figures. In 1931 the empire countries shipped 42·6 of the wheat sent into the United Kingdom. That was before the empire trade agreements. In 1938, empire countries shipped in 63·2 per cent. In 1931 foreign countries shipped in 57·4 per cent, and in 1938, 36·8 per cent. Those figures illustrate what happened as a result of the empire trade agreements.

Mr. MOORE: Those are percentages of what?

Mr. MANION: I am sorry if I did not make myself clear. They are percentages of wheat imports into the British market. I have here a statement published by the economic branch of the Royal Bank of Canada. This has nothing particular to do with the trade treaty, but it sets out a few facts which I take for granted are correct. They point out that world wheat production for the current season is placed at the record total of 4,459 million bushels. They give the supplies available for export as 1,135 million bushels. They point out that importers' requirements are only 550 million bushels and therefore, there will be a carry-over of something like 1,000 million bushels. This illustrates the need for markets for our Canadian wheat, and that is why I mention it. They go on to say:

International demand for wheat declined from a peak of 947 million bushels in 1928-29 to 523 million in 1935-36. Since that time little improvement has been evident, total shipments amounting to 609 million bushels in 1936-37 and 512 million in 1937-38.

Then they go on to point out that the only stable market that remains—"static" is the word I used a while ago—is the British market. They continue:

In Argentina, however, conditions were much more favourable during the latter part of the season and a bumper crop was harvested. The first official estimate places the outturn at 316 million bushels, the largest on record with the exception of that harvested in 1928-29, and compares with 185 million bushels harvested in 1937-38.

They point out that the Argentine harvest is double what it was a year previously. Despite that fact, we are taking this treaty method of losing some of our markets. We are losing our six cent preference, and yet there is more wheat to be shipped by countries like the Argentine, whose crop is double this year what it was last year. All this is going to make matters more difficult for the Canadian producer. I submit that our preferences are being destroyed. I have many quotations here, and I shall read briefly from a few. An apple producer writes to say:

United States requires the export market only for her surplus production; Canada requires it for almost half her production.

I quote from the Seattle *Post-Intelligencer* of November 18, 1938, as follows:

This is a start in bringing back our export business to the United Kingdom. The previous tax of 45 cents per box for apples was prohibitive. The reduction, approximating 15 cents per box is still inadequate, but it will help.

The *Business Week* of New York of November 26, 1938, states:

The British pact is more important diplomatically, but the biggest trade concessions are made in the Canadian pact.

The two new pacts, while they do not wipe out the system of empire preferences which was set up at Ottawa in 1932, mark the first important move to break down that system.

The hon. member for New Westminster (Mr. Reid) was inquiring about subsidies paid by the United States, and in this connection I quote from the Ottawa *Citizen* of December 5, 1938:

British millers who bought 20,000,000 bushels of wheat from the United States made this a condition of their purchase of the grain

U. S. to prevent further exports of subsidized flour to Great Britain

British millers have purchased approximately 20,000,000 bushels of United States wheat through ordinary commercial channels. The cost was $13,750,000.

Shipments will begin in January when the wheat duty is lifted and continue over six months.

Just because of the destruction of the preference. Then I quote from the New York *Times* of November 18, 1938, a Washington dispatch dated November 17:

The reciprocal trade agreement between the United States and Great Britain, which was signed here to-day, may well have sounded the death knell of the empire preference theory of trade among the members of the British empire. This system, which was advocated by Lord Beaverbrook and others in London, was put into actual effect by the Ottawa agreements, signed late in 1932 and renewed in modified form last year.

And again:

In the agreement signed to-day, several imperial preferences have been extended to include the United States. That is to say, produce of the United States may enter Great Britain at the same rate as competitive produce from some of the dominions, whereas previously the American goods had to pay a higher import duty than similar goods from an empire source.

If the six cents preference on wheat going into the British market was of no use to us, why are all these different sources in the United States so jubilant over its removal? Here is another dispatch from Washington dated November 17, appearing in the same issue of the New York *Times*:

Now, because both Canadian and American wheat are, by virtue of the British trade agreement, on the same duty-free basis, Canadian wheat may pass through American ports if its shippers desire.

Officials said this would prove a great boon to American railroads, transfer workers and shipping.

I shall quote from one British source. The London *Economist* of November 26 has this to say:

It is more questionable whether there will be a corresponding increase in British imports. Very few of the concessions made to the United States will result in any category of American goods being placed in a more favourable competitive position *vis-à-vis* the domestic producer. Most of the agricultural products affected are not grown in this country, or where they are, the domestic producer is already safeguarded.

Listen to these words.

In these cases the effect of the agreement will largely be to divert a certain quantity of trade from dominion (largely Canadian) to American hands, without increasing the total volume of imports.

I ask again what I asked a few moments ago. Where is the advantage if we lose some of our trade and the United States gets it? World trade remains the same, but ours does not. What is the advantage to the world? I cannot see it myself. I simply say, Mr. Speaker, that the United States cares for its own people when it is making a trade treaty of this kind. This government is too anxious for a trade agreement. It wants trade agreements at any price. I say now, from all the mail I am getting from all over this country, that very many of our people, producers of one kind and another—and I have had letters from dozens of different types of producers, agricultural and manufacturing—are very much opposed to this treaty. They protest against it as damaging to them. But they are afraid to protest openly because they know that the budget is going to be brought down in this house probably within a month, and if they protest openly they are just a little afraid of what might happen to them. So the industrialists, the producers, and the workers in the plants or industries affected are afraid to express their viewpoint.

Let me deal briefly with fruits and vegetables, and this will illustrate what has been done to some of our agriculturists. Before 1936 the duty on fruits coming into Canada was 20 per cent, and on vegetables 30 per cent. The duty on both is now down to 10 per cent, as a result of this treaty and the treaty of 1935. Our season for the production

of fruit and vegetables is much later than the season in the United States, and so it is difficult for our farmers to produce fruits and vegetables in competition with United States production. I take this attitude, that so far as possible our growers should have the first opportunity in our market.

Then, as I pointed out about apples, the United States sells only its surplus abroad. It has a huge market within its borders, and now it can dump whatever surplus it has much more cheaply into the British market because of the removal of part of the preference, whereas our Canadian producers, with our small population, have to sell about half their apple production in other countries, mostly in Great Britain.

I have also had strong protests from our tomato growers, some of whom say it is going to ruin their industry. They point out that under the treaty there is a duty of 1½ cents a pound on United States tomatoes entering Canada and a duty of 3 cents a pound on Canadian tomatoes entering the United States.

There is another industry, the British Columbia door industry, that is going to be affected adversely by this treaty. There called at my office a few days ago a gentleman who has for many years been associated indirectly with that industry. I do not wish to give his name, but he is an outstanding student as well as a business man. He came into my office and gave me this information. I have confirmed it with British Columbia people.

He says that the door industry in British Columbia began in 1933, after we obtained the preference on doors in the British market. I will read the data he gave me just as I jotted it down. Until 1933 Canada had no wooden door export business at all. In 1933, the year when the British empire trade agreements were negotiated, we exported 50,000 doors, and that number increased to about 1,000,000 doors in 1938. In looking over the figures I found that our exports went to 1,681,000 doors in 1936, when business was a little better, or nearly 2,000,000 doors in that year, and then with the drop in business generally the figure came down to about 1,000,000 doors in 1938. The development of the door industry, particularly in British Columbia, has been almost spectacular since 1933. Many United States firms have been forced to open up factories in Canada, and subsidiary industries such as the plywood industry, have been established. Under the British empire trade agreements we enjoyed a preference of two shillings and sixpence on doors, whereas under this treaty the duty is one shilling and sixpence, and this gentleman told me—and what he said has been confirmed by others—that as a result of the cutting down of our preference of two shillings and sixpence to one shilling and sixpence, the door industry in British Columbia is going to be completely wiped out. They say that this difference is just sufficient to drive the business to the western states; to Tacoma, the hon. member for Kootenay East suggests. This gentleman told me that in two more years there will be no more door industry in British Columbia.

Take coal. The dominion bureau of statistics reports that our Canadian production of coal last year amounted to 14,000,000 tons, and 15,800,000 tons in 1937. Our imports amounted to 13,500,000 tons, or just about the same as our Canadian production. These figures should be read in the light of the declaration that was made in the Nova Scotia brief presented to the dominion government last week, wherein it was asserted that the present Canadian duty on coal is wholly inadequate, and the fact that it has been further reduced by the elimination of the excise tax makes a difference, if I remember the calculation rightly, of seventeen cents a ton in the duty. My hon. friend the Minister of National Revenue (Mr. Ilsley) shakes his head.

Mr. ILSLEY: That is not so with respect to the duty on soft coal.

Mr. MANION: That would be the duty on anthracite coal. Now, whatever increase there may be in importations of coal from the United States in competition with Canadian coal hits the miner, the railways and the shipping interests of this country.

I should like to deal briefly with one or two quotas, and I am very glad to say that I am getting near the end of my remarks. My right hon. friend the Prime Minister said that I used unfairly the words "propaganda or ballyhoo" in a discussion of the quotas under this treaty. I said, Mr. Speaker, that in the press release which was issued respecting the treaty, these quotas were made to appear enormous, whereas many of them are absolutely laughable, and some of the statements are deceitful.

Let me deal briefly with the milk quota. I do not pretend to be an authority on agriculture, but I am giving these facts, and I have no doubt they are absolutely accurate.

Mr. DUNNING: But you do understand milk.

Mr. MANION: Yes, and I like it. By this treaty we are given a milk quota to the United States of 3,000,000 gallons. I am told by authorities on the dairy industry that

one-half of the dairy cows in any dairy county in Ontario or western Quebec could supply that complete milk quota.

Mr. PERLEY: One-quarter of the dairy cows in Qu'Appelle.

Mr. MANION: My hon. friend says one-quarter of the dairy cows in his constituency.

Mr. DUNNING: He is a little ambitious.

Mr. MANION: While our milk quota by this treaty is 3,000,000 gallons, Canadian production last year amounted to 1,700,000,000 gallons.

Mr. DUNNING We drink a great deal of our production.

Mr. MANION: Of course, but a quota of only 3,000,000 gallons out of a production of 1,700,000,000 gallons shows the picayune size of the quota on milk. It is just a joke. I saw an item in the press the other day—and I have it here—showing that the milk sold in Ottawa last year amounted to over 4,000,000 gallons, and yet our quota, of which this government boasts so loudly, is only 3,000,000 gallons. My secretary, who has a mathematical turn of mind, figured it out this way, that if you take those 3,000,000 gallons and divide them among the people of the United States it means that each citizen of the United States would get one-fifth of a pint once a year. That is the quota of which hon. gentlemen opposite are boasting, and this, with the free market for vegetable oils, is severely injuring the dairy industry.

Mr. DUNNING: The vegetable oils are not touched by the treaty.

Mr. MANION: Quite correct. I just mentioned that it is hurting the dairy industry very much. I was not speaking of vegetable oils as being in the treaty. But milk is in the treaty. The quota on milk is a speck; it is not important, just a microscopic amount.

As regards potatoes, Canada's total production of potatoes in 1938 was 60,000,000 bushels, and that of the United States, 369,000,000 bushels, or a total of 429,000,000 bushels. Our quota into the United States is two and a half million bushels, and I am informed—and my statement has been confirmed by many who come from that section—that one county in New Brunswick could more than supply that quota. My hon. friend the Minister of Finance has raised a good deal of wheat, but I did not think that he raised potatoes. He may eat them, like a good Irishman does.

Mr. DUNNING: Just now I represent potato growers, and they are very well pleased with the quota.

Mr. MANION: Well, apparently they are easily pleased, if one county in New Brunswick can satisfy the quota. His statement is not in accordance with letters I have been receiving from potato growers. As I have said, our potatoes go into the United States under much greater restrictions, in addition to the limited quota, than those on United States potatoes coming into Canada. I ask myself, why the difference?

I wish now to deal with the cattle quota. This is a more important matter, because I maintain that the statement about the cattle quota as given to this house and to the people of this country in the press release was a deception—intentionally or accidentally, I am curious to know. I should like to know whether the government knew, when they got the quota of 225,000 cattle and advertised that in their press release, that it included Mexico.

Mr. ROSS (Moose Jaw): We in the west knew it.

Mr. MANION: Why did they not mention it in the press release?

Mr. ROSS (Moose Jaw): They thought that inside three years the hon. gentleman would know that that provision was in the other treaty.

Mr. MANION: I think that inside three years the hon. gentleman and his party ought to have learned enough to tell the truth when they issue a press release. I am going to quote it. A copy of the press release issued by hon. gentlemen opposite is here, and this is what it says on pages 14 and 15 about the cattle quota:

> For the prairie provinces the most important concession—

They are boasting of what they are doing for the country.

> —in the trade agreement is the maximum reduction in the United States duty on heavy cattle and the enlargement of the tariff quota on this type of cattle considerably beyond that granted in the 1935 trade agreement.

Mr. DUNNING: That is true.

Mr. MANION: I do not know whether it is when you take away the Mexican side of it. On page 15:

> The most important of the agricultural concessions are those relating to live cattle. Western Canada is particularly interested in the United States duty on heavy cattle weighing 700 pounds or more each. On this type of cattle Canada is to receive the maximum reduction in duty or a rate of 1½ cents per pound

as compared with 2 cents per pound under the 1935 trade agreement and 3 cents per pound under the Tariff Act of 1930. Whereas the number of cattle to be imported at the reduced rate of duty was limited under the 1935 trade agreement to a total of 155,799 head in any one calendar year, the new trade agreement provides that the maximum reduction in duty shall apply to 225,000 head imported in any one calendar year, of which not more than 60,000 head shall be imported during any one quarter of the calendar year. In other words, provision is made not only for a further reduction in duty by the maximum, but also for an increase in the annual quota to which the reduced duty applies of nearly 70,000 head over the quota provided for in the 1935 trade agreement.

There is no qualification there. There is no reference to Mexico.

Mr. ILSLEY: All that the hon. gentleman has read is true, every word of it.

Mr. MANION: Yes, but it is only half true.

Mr. DUNNING: It is wholly true.

Mr. MANION: It is not the whole truth. My hon. colleague says it is Liberal truth. and I rather think it is. They go to work and give to the people of Canada, and particularly to the western cattle raisers, through the press the impression that there is a Canadian quota of 225,000 cattle into the United States.

Mr. ROSS (Moose Jaw): No.

Mr. MANION: Well, they do not mention Mexico; I do not find any mention of Mexico.

Mr. ROSS (Moose Jaw): The western cattle men knew. from the time it was in the other treaty.

Mr. MANION: Who knew?

Mr. ROSS (Moose Jaw): Western cattle men.

Mr. MANION: Apparently they did not know at the time. The hon. gentleman is familiar with the rather tricky manner in which his party puts out propaganda, so probably he knew; but so far as I am concerned, I may say very frankly that I did not know, and I do not think anybody else knew. In fact, we had to find it out here in the House of Commons, through a question the other day, that it is a global quota and Mexico has sent in forty-five per cent of the first allotment. I will read that. I intend to put it on *Hansard*.

Mr. DUNNING: The Minister of Agriculture (Mr. Gardiner) spoke of it the other day.

[Mr. Manion.]

Mr. MANION: I know, but only in reply to a question of my hon. friend the member for Haldimand (Mr. Senn).

Mr. DUNNING: I merely indicate that it was spoken of.

Mr. MANION: He spoke of it when it was dragged out of him. Questions were asked on February 10, as shown in *Hansard,* pages 821 and 822, by the hon. member for Haldimand:

Is the quota of 60,000 head of cattle per quarter allowed to enter the United States under the terms of the new trade agreement exhausted for the first three months of 1939? I should also like to ask if the shipments from Mexico help to make up this quota allowance.

The Minister of Agriculture replied:

The answer to the first question is, yes. The quota ran out towards the end of the month.

That is the first month of the three months. And he goes on:

I believe the statement is somewhat as follows—

Incidentally he had this information at hand, so apparently he expected some mention of it, and knew somebody would be a little curious. This is the statement he puts on the record:

United States cattle imports, 700 pounds and over, for the month of January, 1939:

	Number	Percentage
Canada..	30,246	55 per cent
Mexico..	24,769	45 per cent
Total..	55,015	

Then he explains why they shut it off at the 55,000. In other words, of this supposed quota for the Canadian cattle raiser, the Mexican gets 45 per cent. That may please the hon. member for Moose Jaw (Mr. Ross); he seems to be quite tickled to death with it.

Mr. ROSS (Moose Jaw): No.

Mr. MANION: But I do not think it satisfies the western cattle raiser who was told he could ship in 60,000 cattle in that time.

Mr. ROSS (Moose Jaw): No, he was not.

Mr. MANION: He was told it in the press release. Why deny it?

Mr. ROSS (Moose Jaw): No, he was not.

Mr. MANION: There was no word said of Mexico.

Mr. ROSS (Moose Jaw): It was in the last treaty, and this quota was increased by 70,000.

Mr. MANION: I do not suppose the cattle raiser read the terms of this treaty any more than he read the last one. This, I am told.

is the first time it was ever mentioned in the parliament of Canada. A little further down the Minister of Agriculture said:

> The quota will divide somewhat in the proportions of fifty-five per cent and forty-five per cent.

A little further down the hon. member for Haldimand asked:

> Was it the intention that Canada should enjoy the whole 60,000 per quarter, or otherwise?
>
> Mr. Gardiner: No. Under the old agreement, the one which existed before, provision was made whereby the quota would be for all the cattle imported into the United States. In practice it worked out that the cattle came from Mexico and Canada, and exactly the same terms are in the present agreement.

I ask, why was that not stated in the press release? My hon. friends implied that I was not quite fair in using the word "ballyhoo" or "propaganda". Certainly they might have said that this was a global quota in which Mexico could share. Canada cannot now ship any more into the United States until the end of March; the quota was exhausted in January, with the result pointed out to me in a letter from a cattle raiser from the west, who says:

> Our cattle will rule $1 to $1.50 per hundred lower for the next six weeks than they were selling at one week ago, and I can assure you that the feeders of live stock across this country are really mad.

Mr. DUNNING: That shows the value of the treaty to the cattle raiser, does it not?

Mr. MANION: It shows what he can get as long as he can ship cattle under the quota, but it does not show how long he can get them in.

Mr. DUNNING: As a matter of fact, many cattle were saved up for the coming into operation of the treaty.

Mr. MANION: Where was that?

Mr. DUNNING: In Mexico, and here too, for that matter.

Mr. MANION: That may be; but I find that last year, when Mexico was not saving up, they supplied 31·3 per cent of the cattle shipped into the United States. That was pretty nearly as high as this.

Mr. DUNNING: Not of the class covered by this item.

Mr. MANION: Yes, exactly of the class. I have the figures here in a publication put out by the Minister of Trade and Commerce (Mr. Euler), and I have a page torn from that publication, the *Canadian Intelligence Journal*.

> Total exports of cattle weighing 700 pounds or more amounted during the calendar year to 124,903 head, or 80·2 per cent of the total quota. Of this total, 48,496 head or 31·3 per cent of the quota were shipped from Mexico.

Again I ask, why, in fairness to our people, was not Mexico mentioned? That is the only attitude I take in this connection, and it is a perfectly fair attitude.

Mr. ILSLEY: It is a weak case for deception.

Mr. MANION: My hon. friend may think so. His idea of deception and mine may be different. I do not know.

Mr. ROSS (Moose Jaw): Apparently the Minister of Trade and Commerce did not try to deceive them.

Mr. MANION: The hon. member is implying that the Minister of Finance did, because he denied it until I put up the Minister of Trade and Commerce against him.

Mr. ROSS (Moose Jaw): He put it out last year.

Mr. MANION: That is all about that. I do not wish to get into any wrangles; I am simply pointing out the facts. Let me read what they say in the United States press release with regard to cattle. It shows that they were not blind. At page 47 they say:

> In making concessions to Canada on farm products, care has been taken to avoid the possibility of material hardship to any important group of producers in the United States. . . . The most important concessions to Canada in the live stock field are safeguarded by tariff quotas.

They knew what they were doing. This is just another illustration of the way in which they put it over. Now let me read a few more items from this press release, having no particular bearing on cattle but of interest for other reasons. For example, on page 1:

> A major new concession to the United States results from the provision that hereafter the Canadian special import tax of 3 per cent will be removed from all items, dutiable or free, listed specifically in schedule 1 which names concessions by Canada.

Then on the next page:

> On the other hand, the bulk of Canadian imports from the United States consists of dutiable commodities; consequently the commodities on which Canada has reduced its duties, make up a substantially larger value of trade than do the commodities on which the United States lowered its duties.

Then on page 5:

Every section of the United States will benefit from the wide-reaching concessions made by Canada in the new trade agreement.

On page 9:

Under the trade agreements act the United States may not reduce any duty through a trade agreement by more than 50 per cent; but the Canadian government is under no such limitation, and, in some cases, the rates in schedule 1 are more than 50 per cent lower than those in effect in 1935, and some former duties have been removed altogether.

There are a good many more statements to the same effect, all showing clearly that we got the worst of it. They are so bad that I do not like to read them. On page 10 there is this statement:

By far the most important of the "bindings" of the rates of duty already in effect in 1935 relate to coal and coke, the imports of which from the United States to Canada in 1937 were valued at over $30,000,000. . . . The listing of these items in schedule 1 carries with it the removal of the 3 per cent excise tax, which in the case of many of the items on which the duties proper are low, constitutes a material fraction of the charges payable on importation into Canada. In the case of anthracite coal, the duty on which, bound by the agreement against increase, is 50 cents per ton (about 10 per cent in ad valorem equivalent), the tax is equal to about 17 cents per ton.

On the same page:

The new agreement provides that, in the case of all articles, dutiable or free, listed in schedule 1, the Canadian special excise tax of 3 per cent will be removed on imports from the United States as soon as the necessary legislation can be enacted. Since schedule 1 covers 57 per cent of the total of 1937 imports from this country, this provision means a large reduction in the charges heretofore collected.

On page 13:

Of the nine tariff quotas fixed in the new agreement, on dutiable and free items together, six are at figures which represent a very small percentage of our consumption. The limits on filleted fish, shingles, and nepheline syenite are relatively higher but are not high enough to permit serious injury to domestic producers should the tariff quotas be filled.

These quotations show how well they took care of their own people, and I commend them for having done so. They were right in safeguarding the interests of their own people and we should have done likewise. In regard to fruits and vegetables they say, on page 19:

The 1937 imports of United States fresh fruits and vegetables into Canada were valued at nearly $17,000,000. The new agreement provides for reductions in Canadian duties and other import charges on $14,500,000 worth of that trade, or 80 per cent of the total value of all agricultural items on which reduced duties result from the new agreement . . . These concessions represent benefits to fruit and vegetable growers and shippers in all parts of the United States.

[Mr. Manion.]

In regard to apples:

This reduction on apples results from the fact that Canada has agreed to a substantial reduction in the margin of duty preference enjoyed by Canadian apples in the British market, an action of outstanding value to American apple growers and shippers.

Then on page 20:

Duty reductions:—The new agreement establishes a basic duty of 10 per cent for nearly all of the fresh fruits and vegetables now subject to an ad valorem duty. Under the 1936 agreement the same items paid 15 per cent. Prior to 1936, the fruit items now dutiable at 10 per cent paid 20 per cent, while the vegetables were charged 30 per cent.

Here is another, on page 25, with reference to pulp, paper and printed matter:

A major concession of the 1936 agreement, continued in the new agreement, related to magazines and periodical publications. . . . Imports under periodicals of all kinds, including newspapers from the United States increased from $2,600,000 in 1935 to $5,900,000 in 1937, the gain being chiefly in the class from which the duties had been removed. The wider circulation of American magazines in Canada creates and stimulates demand for new and improved products and thereby benefits both Canadian and American manufacturers of such products.

Incidentally, it stimulates in Canada the purchase of many pulp magazines, some of which we would be far better without. On page 43 there is the following:

An important concession is made on boots and shoes. The 40 per cent rate of 1935 became 35 per cent in 1936 through the most-favoured-nation provision. Imports increased from $343,000 in 1935 to $515,000 in 1937. The rate is now made 30 per cent by schedule 1, which is the same rate as applied in 1929 when imports from the United States were valued at over $2,000,000.

On page 47:

The trade agreement with the United Kingdom, made at the same time as that with Canada, contains many concessions of benefit to American agriculture. Several of the concessions thus obtained involve the relinquishment, in whole or in part, of tariff preferences which Canada had previously held in the British market . . .

In making concessions to Canada on farm products, care has been taken to avoid the possibility of material hardship to any important group of producers in the United States.

On page 49:

Canada has now agreed to permit free entry of potatoes except during the 6-week period June 15 to July 31, at which time the duty will be half the former rate.

Mr. EULER: What is the hon. member reading from?

Mr. MANION: From the United States press release.

Mr. EULER: Propaganda like ours?

Mr. MANION: The hon. gentleman admits that theirs is propaganda. He contradicts his leader. I do not blame his leader for looking crossly at him at the moment.

Mr. EULER: I merely used the hon. gentleman's extravagant language. That is all.

Mr. MANION: The minister need not use any extravagant language of mine; he can be extravagant himself. This release was put out by the Department of State in Washington under the title, "The New Trade Agreement with Canada, signed November 17, 1938." It is an official document.

Mr. CRERAR: Does the hon. member consider that ballyhoo?

Mr. MANION: I do not know whether it is ballyhoo, but I do know that a good deal of what my hon. friends put out was ballyhoo. In regard to the most favoured nation clause, I find that despite the fact that we get no concession from any of the favoured nations including Japan, Italy and Germany, we give them the same concessions as we give the United States. Here is Japan with a lower standard of living, very much lower than ours, with low wages, in some cases one-tenth of ours, in some cases one-fifth, with sweatshop conditions, no liberty to labour—and that applies to Germany and Italy—no labour unions, no right to bargain; and yet they are given the same rights as the United States under the favoured nation clause. How can Canada compete with such conditions? On another occasion I placed on record the wages paid in the textile industry of Japan, which are just one-tenth the wages paid textile employees in Canada. This provision will curtail the work and wages available in Canada, where the wages are equal to any in the world. Our duty on cotton goods, for example, is 16½ per cent, while the British duty on similar goods is 22½ per cent. At the same time our wages are 60 per cent higher than the British wages. I am informed that our cotton industry is about 19 per cent below what it was in 1937.

The right hon. gentleman said what has been stated over and over again, and I suppose will be stated many times in future, that Great Britain asked for special concessions on the part of Canada in regard to the preferences, which would give an advantage to the United States. I asked that those letters be tabled, but the right hon. gentleman said they were too confidential. I want to protest again against this "too confidential" statement that is being made continually by hon. gentlemen opposite. If the right hon. gentleman has a right to quote from that correspondence, this whole house has a right to read it. It is claimed that this agreement brings some advantage to the man on the street. That is questionable; instead of an advantage to the man on the street, what we get is more competition, less production and higher costs. That often happens when you lower tariffs; you have fewer jobs and less money with which to purchase the goods produced.

Then, with regard to the 3 per cent special excise tax, I assume this change will result in a great decrease in revenue. Last year I believe that tax brought in between fifteen and eighteen million dollars. I submit that the removal of the 3 per cent special excise tax on the items specified in the agreement was either bad faith or bad management on the part of the government. No announcement was made in connection with the matter until some days later, after protests began to reach the Minister of Finance because so many inequalities would result. Then the minister said that these would be corrected, but they have not been corrected yet. Here is the situation to-day, on account of the fact that the 3 per cent special excise tax has been removed only from the items mentioned in the schedule. Mushrooms and cut flowers are freed from the 3 per cent tax, but it remains on most of the necessities of life. The tax has been removed from such items as sweet potatoes, artichokes, asparagus, strawberries, quinces and nectarines, perfumery and alligator pears, but it remains on many raw materials and on clothing.

Mr. EULER: The excise tax is not off yet.

Mr. DUNNING: It has not been removed from any item yet.

Mr. MANION: I admit that; but the government agreed to take it off, and I am sure my hon. friend would not contradict the statement that the government does intend to take it off. The situation to-day is that the government has promised to remove the tax from the luxuries I have mentioned, these absolute unnecessaries, if I may coin a word, while they have said nothing about removing it from many raw materials and many kinds of clothing. To show the incongruity of this agreement, the excise tax is to be removed from raw cotton but it is to remain on raw wool and raw silk. It is to be removed from coal but will remain on certain types of coke.

Mr. DUNNING: Who says it will remain?

Mr. MANION: I say, according to the agreement it will remain.

Mr. DUNNING: Nothing of the kind.

Mr. MANION: The agreement distinctly states that the 3 per cent excise tax is to be taken off the items covered by the agreement.

Mr. DUNNING: Yes, but it does not say it will remain on anything else.

Mr. MANION: No, and that is exactly what I was going to say. Before the government has finished it will have to remove the tax from all items. The other day when the hon. member for Kootenay East pointed that out, the Minister of Finance shook his head, but I repeat that before we have finished we shall have to remove the special excise tax entirely. It must be done in order to remove the inequalities, absurdities and discriminations in the application of our duties.

Mr. DUNNING: Not because we have to; whatever we do will be in the interests of the Canadian people.

Mr. MANION: The hon. gentleman would not suggest that they would remove that tax from many of these unnecessaries, as I termed them a few moments ago, and leave it on the raw materials and necessities of life.

Mr. DUNNING: I take it that we would have my hon. friend's support in removing it?

Mr. MANION: As long as the agreement is as it is, certainly you would have to have my support, because I would not want the country to get in the muddle it would be in if the situation remained as it would be without further removal of the 3 per cent tax. But the hon. gentleman and his government did not mention that in their press release. They simply stated that these were the reductions. It was only a few days later that this situation was pointed out to the Minister of Finance by many people who were vitally affected by it, people who would suffer from injustice if some remedy were not found. Then, a few days later, the hon. gentleman said:

> The government will make certain when the necessary legislation is introduced that it will be of such a character as to eliminate any unfairness that might otherwise be expected to result from the exemption from the tax of the particular articles enumerated in the agreement.

With that I heartily agree. Otherwise the country would be left in a hopeless muddle. The situation could not possibly remain as it would be left under this agreement. There is no doubt, I further suggest, that this extension of the removal of the excise tax was not contemplated at the time the agreement was negotiated, so these are really new concessions to the United States.

Mr. DUNNING: Oh, no.

[Mr. Dunning.]

Mr. MANION: Then why was it not mentioned among all the ballyhoo in the press release? Was it again deception?

Mr. DUNNING: If my hon. friend will permit me, I will tell him.

Mr. MANION: The hon. gentleman can make his own speech when he wishes to do so.

Mr. DUNNING: Very well.

Mr. MANION: However, I do not mind interruptions. Tell me; why was it?

Mr. DUNNING: The answer is this. We were making an agreement with the United States with respect to a specified list of commodities. Anything we do with respect to taxation outside the list of commodities under discussion is purely a matter of domestic policy for this parliament and not a matter for the United States.

Mr. MANION: I quite agree with that.

Mr. DUNNING: That is why it was not mentioned.

Mr. MANION: But since the minister was going to make a statement a few days later, why did not the government, in the press release, say that within a short time there would have to be other modifications in order to put the agreement on a fair basis?

Mr. EULER: They were only announcing accomplished things.

Mr. MANION: No; they were announcing a good many things which were not accomplished at all. To my mind this is simply another case of ministerial blundering.

In conclusion, let me repeat that at present it is impossible to state what will be the result of this treaty. Time alone will tell, but my belief is that the ill effects will be very much greater than the good effects. In 1935 this government made an agreement with the United States. In 1934, the year previous, our trade with the United States showed a balance in our favour of $1,000,000. Last year our trade with the United States showed an unfavourable balance of $82,000,000; in other words, they sold us $82,000,000 worth of goods more than we sold them. Then it is interesting to note the increase of trade under the items covered by the 1935 agreement. Our exports under the items affected by the 1935 treaty increased by only $16,000,000; of that amount newsprint accounted for $15,000,000, and newsprint has been on the free list since 1913. Hon. gentlemen opposite talk about their press release being so honest. Let me quote

what is said at page 26 of that press release, because this is the sort of half truth with which this release is filled:

> In the 1935 trade agreement provision was made for the binding of the free entry of those kinds of wood pulp of which Canada was the chief supplier of imports into the United States. In the new trade agreement the binding of free entry is broadened to cover all kinds of mechanical and chemical wood pulps shipped from Canada to the United States. The free entry of standard newsprint paper is rebound in the new trade agreement and this covers the largest single item of trade between the two countries.

What is the implication there? It is that they got some great favour for Canada, when as a matter of fact all these things have entered the United States free, at least since 1913. If that is not propaganda; if that is not a half truth, I do not know one when I see it.

This agreement will help here and hurt there. The future will tell the result so far as Canada as a whole is concerned. My belief is, of course, that there is some good in this treaty. It would be a queer treaty if there were not some good items in it, though frankly I have not heard about them, and I am hearing more and more every day about the ill effects on the various industries of Canada. My conviction is also that the balance is largely against us.

After all, we have to aid Canada as a whole. This country is a nation, not nine nations, and we must treat it as a nation. I pointed out that the empire trade agreements bound the empire together economically; this trade agreement pulls the empire apart. When the Republicans again go into office in the United States, the chances are that this agreement will be cancelled. Then we shall have a changing of our trade routes and we shall have lost our preference. The Minister of Trade and Commerce, who follows me in the debate, made the statement in the house the other day that we would get back our preference. The preference will have been wiped out. It will not come back. If the Republicans take office in 1940, then probably this treaty would be wiped out, because they are a high protectionist party. If they do, and if it is wiped out, does anybody suggest that we shall get back our preference?

Mr. EULER: Yes.

Mr. MANION: I do not agree with the hon. member. He says we do.

Mr. EULER: It is in the agreement.

Mr. MANION: Yes, but it will be a *fait accompli;* we shall not get it back. There is certainly room for discussion, and we intend to tell the people what has not been told by the government. We intend to tell the facts and the truth—what we should have in all government business.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, may I say at the outset that I realize my inability adequately to deal with some of the statements made by the leader of the opposition (Mr. Manion). He has quite properly taken some two hours to deliver his address and to make his criticisms. I appreciate the fact that I am confined to forty minutes, and I believe it is quite impossible for me fully to deal with some of the statements he has made.

Mr. DUNNING: You cannot use a scrapbook in forty minutes.

Mr. MANION: But you put out forty-two pages of propaganda, to begin with. You do not need as much time.

Mr. EULER: But I should like to use as much of my forty minutes as possible.

Mr. MANION: Then, tell the Minister of Finance to keep quiet.

Mr. DUNNING: I was talking to my colleague.

Mr. EULER: Probably my remarks will be rather discursive, in my attempt to some extent to meet some of the criticisms which have been made by my hon friend, some of which have been made a second time and some of which I believe I attempted to answer when I spoke in the debate on the address in reply to the speech from the throne.

At the outset I had an inclination to compliment my hon. friend upon his speech—as I think I shall still do—and to compliment him upon his evident intention to deal with the trade agreement on its merits. I admit I had a fear that perhaps he would be consistent with what was read out of his book the other day, where I believe he rather advanced the theory that the duty of an opposition was to criticize, regardless of the merits of a case.

Mr. MANION: What I said was not quite as strong as that.

Mr. EULER: Perhaps not quite so strong as that, but I believe that is the implication which was evident from what he had written in his book. He said to-day that he desired to deal with the question on its merits, and I have no particular fault to find with what he has said. I am rather inclined to suspect that he has received a sufficiently convincing number of ballots from the *Globe and Mail*

which call upon all of us to forget party advantage and to cooperate for the common good.

Mr. MANION: Are you going to obey?

Mr. CAHAN: How many have you received?

Mr. EULER: I have received a considerable number. And I will say to the hon. member for St. Lawrence-St. George (Mr. Cahan) that on a considerable number of those ballots additions were made which indicated that they had considerable confidence in their member.

Although my hon. friend said in a previous speech, and repeated in his speech to-day, that no one can judge whether or not this is a good or bad agreement until it has had time to operate, yet he spent most of his time this afternoon in a criticism of it. I agree with him that it is not entirely possible for anyone to say whether or not this agreement is going to give us all the advantages for which we may hope, or that it may result in some disadvantages—which we hope will not occur. But while time will tell—and while the hon. member has made the statement that time will tell—I might say to him and to the House of Commons that time has already begun to tell.

Mr. STIRLING: It certainly has.

Mr. EULER: I have just had brought to my attention a statement giving a comparison of figures with respect to exports to the United States. Our exports to that country in the month of January, 1939, were valued at $36,276,766.

Mr. CAHAN: Does that include gold?

Mr. EULER: I expected that question. Yes, some of it includes gold. But even if we subtract gold our January exports to the United States are increased by at least $5,000,000 over those of last year. While I am not an economist, and while I have every respect for the opinion of my hon. friend opposite, I cannot see why, when gold is produced in Canada by the labour of our men, when it adds to the wealth of Canada and when it is exported as a commodity, it cannot fairly be included in the sum of our exports.

Mr. CAHAN: Should we grant trade concessions to induce other people to take our gold bars?

Mr. EULER: If I may proceed, our exports in January, 1939, were the highest for the month of January in any year since 1930, and I suggest a comparison with 1933, when they were valued at $16,000,000. Domestic exports to the United States in January, 1938, were valued at only $20,732,240. I repeat that in January of this year they were valued at $36,276,766.

Imports from the United States in January, 1939, were valued at $28,790,257, compared with $32,329,792 last year. So it appears that imports from the United States, instead of being increased, as my hon. friend seems to fear, for some reason or another have decreased in those respective months of January by something over $3,000,000.

I do not attach too great importance to the month-to-month figures. They vary from time to time, and conceivably it may occur that in other months the balance might be the other way. The favourable balance of trade with the United States in January of this year stands at $8,077,335, compared with an unfavourable balance in January last year of $10,629,000. Exports to the United States in January, 1939, were $15,544,526 greater in value than those in the same month of 1938; but of this increase—and I say this for the information of the hon. member for St. Lawrence-St. George—shipments of gold accounted for $10,258,000. So that the increase in merchandise exports amounted to $5,286,000. I shall now set out figures for the month of January in 1938 and 1939 showing the increase in the value of exports of some commodities. At least some of this increase is attributable to the new trade agreement.

Commodity	January, 1938	January, 1939
Seed potatoes	$ 1,043	$ 141,525
Cattle, all kinds	270,027	1,901,143
Fresh fish	1,081,091	1,118,485
Cheese	22,298	62,265
Leather, unmanufactured	47,454	173,675
Planks and boards	703,599	1,113,557
Red cedar shingles	438,142	774,608
Newsprint	6,124,124	7,055,458
Wood pulp	1,489,875	2,062,071
Aluminum in bars	....	200,354
Nickel	1,004,929	2,092,593
Fertilizers	408,075	566,002
Soda compounds	104,601	147,921

Mr. MANION: There is no change in the rates on many of those commodities.

Mr. EULER: There is in some of them, but there may be an increase on account of the natural development of trade.

Mr. MANION: The pick-up in business generally.

Mr. EULER: I am quite willing to have my hon. friend place any construction he wishes on these figures. I am simply giving some items where an increase in exports occurred in January of this year. In perhaps half of them the increase in exports may be attributed to the new agreement. I give this

just as an indication to my learned friends that perhaps they need not fear what was so apparent in my hon. friend's speech, that this country was going to be ruined as a result of this trade agreement.

Mr. MANION: I did not suggest it would be ruined.

Mr. EULER: I am going to be rather discursive in my remarks, in touching upon some of the points mentioned by my hon. friend to-day. He spoke of the fact, and it is a fact, that on some commodities the Canadian duties are much lower than the duties on the same commodities going into the United States. I have not had an opportunity to look into this to any extent, but I might quote a few instances where the shoe is on the other foot.

Mr. MANION: I admit there are some.

Mr. EULER: There are some commodities that go into the United States at lower rates than into Canada. Patent leather goes into the United States in fairly large volume and the duty imposed against it is 7½ per cent. The Canadian duty on patent leather from the United States is 20 per cent. They have a duty against rubber tires of 10 per cent, whereas our duty against them is 25 per cent.

Mr. MANION: As a matter of information, do any Canadian rubber tires go into the United States?

Mr. EULER: I do not think so, but the rate is there. They have a rate of 10 per cent against automobiles from Canada, whereas our rate is 17½ per cent. Agricultural implements are admitted into the United States free, and some do go in, whereas we have a rate of 7½ per cent. The rate on cereal breakfast foods entering the United States is 10 per cent, whereas the Canadian rates are from 15 to 25 per cent. The rate on whisky entering the United States is $2, whereas the Canadian rate is $6.

My hon. friend said something about press releases, indicating that the Canadian press release was pretty much propaganda for the government. Perhaps he made a point in connection with the cattle quota, but I think it might have been as well if it had been stated that, as in the previous agreement of 1934, the cattle quota is a world quota. The hon. member cited some figures to show that this quota was divided pretty well in the present quarter between Canada and Mexico. That is quite true because they are the only countries exporting cattle to the United States. He went on to show that the quota had been exhausted during the first quarter, and that Mexico had received a large proportion of the quota. That is also perfectly true. I believe hon. members across the floor will appreciate my statement when I say that this situation has received the attention of the government. Without disclosing anything that should not be disclosed, I think I can say that the cattle exporters of this country will be well satisfied when they know what action is to be taken with regard to the quota on cattle going into the United States.

In regard to my hon. friend's reference to the Canadian press release as propaganda, I leave it to him to say whether it is not just as reasonable for me to assume that the press release which was sent out by this government was just as fair, just as accurate and just as representative of the real situation as was the press release in the United States, from which he quoted so freely.

Mr. MANION: They certainly could not both be right.

Mr. EULER: They might both be right. My hon. friend has read a good deal from his scrap-book, for which I do not blame him. Before I conclude my remarks, which will be brief, I may be obliged to do the same thing in order to combat some of the statements which he has made. My hon. friend minimizes and deprecates the argument put forth by the Prime Minister (Mr. Mackenzie King) that trade agreements between countries like Canada and the United States, and the United States and Great Britain, have an influence on the goodwill that ought to exist between countries. I do not believe my hon. friend is quite serious in what he says. The buying and selling of goods by individuals often result in personal friendships. I remember once being a delegate to the League of Nations, and I thought then, as I do now, that the greatest value of the league was in the delegates from the various countries coming together to sit round a table, getting to know each other and realizing they were all pretty much the same in their outlook. If that is true of individuals, is it not true of nations? We have absolute proof of that right here. In spite of the disapproval of the hon. member for St. Lawrence-St. George—and I shall take back my statement if he objects—never in the history of nations has the feeling between Great Britain and the United States and Canada been as friendly as it is to-day.

I should like to turn, during the time I have at my disposal, to the more material side of the agreement rather than deal with what might be regarded as the sentimental side, of which I spoke just now. I would say that the first principle which we as a

government desired to observe in making an agreement with the United States—and I think they were actuated by the same principle—was that we should try to make an agreement which would be mutually advantageous. That is the only basis upon which a permanent agreement can be framed. I was surprised at the statement of my hon. friend that the United States always gets the best of us. I believe he said that he would be afraid to negotiate with them for fear they would always get the best of us.

Mr. MANION: I did not say that.

Mr. EULER: That sort of thing comes strangely from the mouth of that red-blooded Canadian we used to have in this house.

Mr. MANION: I did not say that.

Mr. EULER: If I have misquoted my hon. friend, I shall retract it.

Mr. MANION: The hon. gentleman has.

Mr. EULER: My hon. friend certainly made some statement to the effect that if this government negotiated with the government of the United States, he feared we would be taken advantage of.

Mr. MANION: I admit that I said I thought this government had got the worst of it.

Mr. EULER: I think my hon. friend went a little further. I have not the time in which to balance in a debit and credit way all that we received from the United States and all that the United States received from us. I can, however, lay down in a general way the principle that moved this government in making this trade agreement. This agreement was based on something that my hon. friend himself mentioned. It was based on the fact that this country produces a surplus of many commodities which we cannot consume and for which we must find a market in other countries. That must be followed up by the axiomatic statement that if we are going to sell, we must buy. My hon. friend says that he is in favour of trade agreements, but I think in a sense he is inconsistent. He is reported on page 29 of *Hansard,* as follows:

> —every pair of boots and shoes that is imported from the United States takes work out of the hands of some of our Canadian workmen and food out of the mouths of some of our Canadian people.

That may be true. I yield to no one in this house, either on this side or on the other, in my desire that the Canadian producer and the Canadian manufacturer should have a fair chance for competition in his own market. That, I believe, was the principle laid down by the predecessor of the leader of the opposition, the Right Hon. Mr. Bennett, and I never had any great fault to find with it; I do not think the Liberals have a great deal of fault to find with it. But when my hon. friend says with regard to boots and shoes that the treaty takes the bread out of the mouths of the people of Canada, the only inference we can draw is that he wants such a high tariff placed against boots and shoes that none whatsoever would come into Canada.

Mr. CAHAN: Nonsense.

Mr. EULER: I will give figures to show that it means that and nothing else. In the fiscal year 1938, our imports of shoes from the United States were 307,000 pairs, and the total consumption in Canada was 22,723,000 pairs. If you figure that out, our imports of shoes from the United States, if we disregard those brought over occasionally under the $100 exemption, amounted to less than one and a half per cent of our consumption. I contend, Mr. Speaker, that under those conditions we cannot regard the competition as particularly strong.

Mr. CAHAN: We must have had a fairly good protective tariff.

Mr. EULER: It still is a good protective tariff, and that is one of the points I desire to make. But the argument of my hon. friend would mean that, in spite of the fact that imports of United States boots and shoes amount to only one and a half per cent of our total consumption in Canada, we ought to impose a duty that would shut out those imports altogether, and that he must be in favour of a prohibitive tariff.

Mr. MANION: I am not.

Mr. EULER: It must be true in this particular instance. It would indicate that, at all events, and if you have a prohibitive tariff you might as well say good-bye to your trade agreement.

Mr. MANION: I am absolutely opposed to a prohibitive tariff.

Mr. EULER: Besides, the reduction on boots and shoes is small. The tariff is still 30 per cent, and some reductions have been made in the raw materials for shoe manufacture, on kid leather for instance. The Bennett government imposed a tariff of 27½ per cent to stimulate Canadian industry, but it was not stimulated and it never supplied the Canadian market. We reduced that 27½ per cent to 20 per cent, and that has been of considerable assistance to the Canadian shoe manufacturer.

Reference has been made to the excise tax. It is to be taken off commodities covered by the agreement. It may be true—I am not making any pronouncement, because that is for the Minister of Finance (Mr. Dunning)—that we may take the full excise tax off all commodities, and not merely off commodities entering under this agreement. I am not making that statement. But, after all, it never was an excise tax. It was intended as a revenue tariff, and it acted also, my hon. friends opposite will say, as a protection. But in the first instance it was never intended, as was stated by Mr. Bennett, as anything but a revenue tariff. My hon. friends may say that the removal of the excise tax acts to reduce the protection for Canadian industry, but in addition it has this effect, that many of the constituent materials which enter into Canadian manufacture will also benefit by having the excise tax removed, and the Canadian consumer as well will get considerable benefit from the removal of the excise tax. I may say for the information of my colleague the hon. member for Waterloo South (Mr. Homuth) that I have had no complaints from my own constituency with regard to boots and shoes or, for that matter, with regard to any other line of industry. The shoe manufacturers are now asking through their association for a further reduction in the duty on machinery, and it may be—again I am making no commitment for the government—that they can make a fair case because this party has always felt that it ought to make as easily and as cheaply procurable as possible the implements of production.

The leader of the opposition spoke of the most favoured nation clause, and I gathered from what he said, and from what the hon. member for Kootenay East (Mr. Stevens) has said on different occasions, that he is opposed to the most favoured clause because, particularly with respect to this agreement, he makes the criticism he made before, that through the agreement we have made with the United States other countries will receive the benefits which we are giving to the United States. I have already answered that pretty completely, and I do not know that I should go into it again. He instanced such countries as Japan and Germany. I have already pointed out that Germany benefits practically not at all, and Japan benefits hardly at all. In fact, the whole agreement is made on the principle that the benefits are to go to the United States and will go to her only on those commodities of which she is already the chief supplier. In addition, we have in the agreement a safety clause by which, when it is found that the benefits on any one commodity go more to any other country than to the United States, provision is made for applying a remedy.

Another statement, which has been made repeatedly, and which must be contradicted and contradicted in the strongest possible terms, was that this agreement was the deathknell of the preferences we have in the British market. I made the statement the other day, and was contradicted by the hon. member for St. Lawrence-St. George, that this agreement, so far from endangering our preferences, affirms the principle of the preferences that we have in the British market.

Mr. CAHAN: That is the hon. gentleman's deduction, which is different entirely from the deduction made by the United States.

Mr. EULER: I would remind my hon. friend that when I made that statement the other day, I think he said: "Oh, yes, we would get all these back." I made the statement that in case the agreement between Great Britain and the United States was discontinued by, let us say, the coming into power of a new government in the United States, in that event our preferences in the British market are restored, and I repeat that with all possible emphasis—our preferences are restored. The hon. member for St. Lawrence-St. George said that they are only restored—

Mr. CAHAN: I did not discuss that.

Mr. EULER: In the debate on the address in reply to the speech from the throne the hon. member for St. Lawrence-St. George, speaking in the house on January 31, 1939, as reported on page 479 of *Hansard*, contended that the exclusion of preferences from the scope of most favoured nation treatment in no sense affirms the right of Canada to grant such preferences and leaves the United States free to condemn such preferences on diplomatic grounds.

Mr. CAHAN: That is true, but that is not what the hon. gentleman was saying.

Mr. EULER: Article 17 of the trade agreement reads:

Nothing in the agreement—

I am saying that this in effect reaffirms that we have preferences in the United Kingdom market which will be restored to us:

Nothing in the agreement shall entitle the United States of America to claim the benefit of any treatment, preference or privilege which may now or hereafter be accorded by Canada exclusively to territories under the sovereignty

of His Majesty the King of Great Britain, Ireland and the British dominions beyond the seas, Emperor of India, or under his majesty's protection or suzerainty.

Mr. MANION: As a matter of information, has that not been the rule right along for years? I understand that it has been.

Mr. EULER: It was not included in the agreement.

Mr. CAHAN: It never was necessary because the agreement in other terms made it clear.

Mr. EULER: The statement is made that we give advantages to other countries by reason of the most favoured nation arrangement. My hon. friend lost sight entirely of the fact that the most favoured nation clause is reciprocal and that we have most favoured nation agreements with thirty countries, which means that when those countries give concessions to any other country, automatically they give them to us. Here is a very important point in connection with the United States-Great Britain agreement. Under it the United States gives concessions on some 400 commodities, items in their tariff. These concessions automatically come to Canada.

We did, of course, make some concessions. If we did not make any concessions we could not expect concessions and we would not have any trade agreement at all. We made some concessions in the British preference. We made them for several reasons. One was, for the laudable purpose of assisting Great Britain and the United States to come to an agreement; and we made no very great sacrifices in doing so. Wheat has been spoken of. Well, the same sacrifice, if sacrifice it be, was made by Australia as well. But most of the preferences have been retained. Some have been reduced, as, for example, on apples, which still carry a duty of 90 cents a barrel. The wheat preference was of doubtful value, and in the unbound preferences, only one item of importance, the item of lard, is made free.

I might mention the concession on potatoes. The duty on white potatoes established by the Tariff Act of 1930 was 75 cents per hundred pounds. The duties on potatoes under the 1935 and the new trade agreements may be indicated as follows: On certified seed potatoes, under the old agreement, March 1 to November 30, the duty was 45 cents per hundred pounds; under the new agreement it is reduced to 37½ cents per hundred pounds and the quota is raised from 750,000 bushels to one and a half million bushels. On table potatoes under the 1935 agreement the duty was 75 cents per hundred pounds and we had no quota concession at all. Now, from March 1 to November 30, Canadian table potatoes will carry a duty of only 37½ cents per hundred pounds—that is fifty per cent of the old rate—with a million bushels of a quota, plus—what has not been mentioned before—that when the United States production of potatoes is lower than 350,000,000 bushels a year, Canada receives, as a quota, the whole of the difference between the 350,000,000 bushels and the actual production. In the past ten years Canada would have benefited by that quota in about five years out of the ten.

Mr. STIRLING: Is that arrangement countervailing?

Mr. EULER: I do not think there is any countervailing arrangement.

In conclusion I should like to speak of some concessions which Canada obtained, but I can speak of them only in very general terms. The new agreement renews or betters all the concessions secured for Canadian exports under the 1935 agreement, and contains a large number of entirely new concessions. Whereas the 1935 agreement provided for reductions in United States duties affecting sixty-three items and sub-items of the United States tariff—and now I am using some of the arguments of my hon. friend; I am speaking of "items," although I admit quite freely that the number of items has no real bearing on the matter; it is the amount of money involved; you might have half a dozen small items which would not counterbalance one large item—the new agreement includes 129 reductions in rates of duty covering trade valued in 1937 at $72,981,492. In addition, there are forty-one bindings of existing United States rates of duty, including thirty-two rates reduced in the 1935 agreement. The total trade affected by these bindings was valued in 1937 at $51,843,682. Furthermore, the 1935 agreement contained a number of quotas limiting the imports allowed at reduced rates of duty. In each case in which it was found that these quotas actually restricted Canadian exports, the new agreement provides for a complete removal of, or a substantial increase in, the quota.

Finally, existing free entry was bound on thirty-two items and subitems in the new agreement, compared with twenty in the 1935 agreement.

The following are some of the principal concessions to Canada in the new trade agreement:

Agricultural products: Maximum reduction in duty on an enlarged quota in the case of

heavy cattle; enlarged tariff quota for calves; maximum reductions in the duties on cream and milk; further reduction in duty on cheese —this is very important—further reduction in the duty on horses; reductions in the duties on oats, barley, rye, buckwheat and products made therefrom; reductions in the duties on various kinds of feeds, fresh and frozen blueberries, clover and grass seeds, certified seed and table potatoes, hay, maple sugar and maple syrup, and silver or black fox furs or skins.

Fishery products: Reductions in duty covering almost the entire range of production of fish.

Forest products: Removal of the requirement that imported lumber should be marked with country of origin; removal of tariff quota applicable to imports, at reduced rates of duty, of Douglas fir and western hemlock lumber; more favourable arrangement regarding imports of red cedar shingles; reduced duties on a variety of woodenware articles; and on uncoated printing paper, hanging paper, tissue papers and crepe paper.

Minerals and metals: Reduced duties on a large number of them. I will not enumerate them.

Chemicals: The same.

Manufactured goods: Binding of free entry for agricultural implements, and reduced duties on patent leather; horsehide and cowhide gloves; skating boots; pipe organs; yachts; hose; wire cloth; axles; iron castings; moulders' patterns; iron and steel chains; electric stoves and ranges; electric washing machines; and waste.

In addition to the benefits which will be derived by Canadian exporters from the reductions in United States duties provided for in the new Canada-United States trade agreement, there are a great many concessions in the trade agreement between the United Kingdom and the United States which will facilitate Canadian trade. I have already made mention of this. Some of these are: Books; abrasives; sole leather; side upper leather; collar, bag and case leathers; grained leather; boots and shoes; numerous textile items; dressed furs; kippered herring; biscuits; jellies, jams and marmalades; ginger ale, and so on.

I will conclude, since my hon. friend has read from so many authorities, with some of the opinions of the Canadian public, or Canadian journals, as to the probable effect of the trade agreement. These are not in general taken from the columns of papers which are friendly to this government.

I have here a telegram received from the president of the British Columbia Lumber and Shingle Association:

> At a meeting of our directors to-day I was instructed to wire you expressing our appreciation and thanks for the efforts that you and your department put forward in the recent trade negotiations to protect the lumber interests of our country and to advise that we fully appreciate that you had a difficult task to handle, particularly affecting lumber. We fully realized from the start some sacrifice would have to be made in empire markets in the interest of broader trading and sounder national relations but we are hopeful that when the United States removes the present excise tax that we will be able to more than regain our losses. I should also like to express my personal sincere congratulations and thanks.

Mr. STIRLING: Would the minister give the dates of these?

Mr. EULER: This is November 23 of last year.

The Windsor *Star* of November 19 said that cash will flow, and that the treaty is important to Windsor because of the car industry, which can look foward to better times.

The Ottawa *Journal* says that praise for the new Canada-United States agreement was general with representatives of the majority of industries.

The Hamilton *Spectator* says that the spirit behind the agreement stamps it as a healthy symptom in world economy.

The Montreal *Gazette* states that while there may be some difference of opinion as to the merits of the agreement, it can be said that it is bound to have a stimulating effect on world trade.

The Toronto *Star* writes that the treaty should commend itself to Canadians of all parties.

The London *Free Press* remarks that on general principles the people will approve the new treaties on political as well as economic grounds.

The *Farmers Advocate* believes that wider markets are opened through the trade agreement with the United States.

The Winnipeg *Free Press* quotes J. A. McLeod, president of the Bank of Nova Scotia, that the new three-cornered agreement is a great achievement in reducing trade barriers.

Saturday Night predicts an increase in trade, which will add to Canadian national wealth, and better times.

The Winnipeg *Free Press* quotes Hon. Howard Ferguson as strongly approving the agreement.

The Montreal *Herald* says that the signing of the treaty is one of the most hopeful signs which has appeared on the world horizon for a long time.

The *Monetary Times* states that the new treaty will affect the volume of international trade.

The *Canadian Textile Journal* believes that the new trade agreement will lessen restrictions on international trading that should have a far-reaching effect.

The *Canada Lumberman,* the Montreal *Gazette* and again *La Presse* are all favourable. I might say for the benefit of my good friend the hon. member for Waterloo South (Mr. Homuth) that far from the textile mills in Hespeler having been injured, they are busy in that town, and in Preston they have gone back from a three-day to a five-day week. In regard to live stock Mr. Wright of Saskatchewan states:

> Lowered tariff of half-cent on live cattle increases the value of all Canadian cattle approximately $5 per head.

Mr. STIRLING: Is that Mr. Wright of the *Globe and Mail*?

Mr. EULER: No. This is a gentleman from Saskatchewan who, I believe, was a member of the board of the Bank of Canada.

Now let me give a few comments from United States sources.

The *Mining Congress Journal* of the United States states that the zinc mining industry has been sacrificed in the agreement and complains bitterly.

The Milwaukee *Sentinel* states that the dairymen attack the treaty, complaining of the reduction in American tariffs on cream, milk, cheese and other dairy products.

The Duluth *Herald* objects to provisions that lower the duties on dairy products from Canada.

The New York *Journal American* states that there is severe criticism of the agreement on the part of members of congress who come from industrial states.

Senator H. Shipstead of Minnesota asks, "if this is Yankee trading, or are we trading the Yankee?" He says that the treaty is based more on international politics than on economics.

The New York *Times* protests against the agreement.

The Boston *Post* says that the pact hurts New England, and is loud in protest on behalf of the fishing and textile industries of New England which it says are injured.

[Mr. Euler.]

The New York *Herald-Tribune* regards the new trade pact as a blow to the United States fisheries.

The lumbermen, the sheep and cattle men complain. The cattle men declare that they are sold down the river.

The New York *Journal American* states that United States farmers are sold out.

I have cited these opinions to show that there are views on both sides, and I say to the leader of the opposition that we shall have to wait and see exactly what the results will be.

This agreement was conceived in the spirit of goodwill and mutual advantage. No one contends that it is perfect, and only time and experience will disclose definitely its advantages and disadvantages. We believe that it is action in the right direction and that its enactment will be to the advantage of both countries.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT

LANGUAGE REQUIREMENT IN QUEBEC PROVINCE RESPECTING EMPLOYEES OF RAILWAY AND TELEGRAPH COMPANIES

Mr. WILFRID LACROIX (Quebec-Montmorency) moved the second reading of Bill No. 3, to amend the Railway Act.

He said: Mr. Speaker, the object of the bill which I have the honour to introduce is to ensure that employees of certain public services in the province of Quebec have the necessary qualifications for their work. Inasmuch as the chief qualification required in any public service is the ability to speak the language of the people with whom one has to deal, the proposed amendment seeks to authorize the board of railway commissioners to make orders and regulations providing that all new employees of railways, telegraph and telephone companies in the province of Quebec be sufficiently conversant with the French language to be able properly to perform their duties and to be understood by and understand a majority of the people with whom they are called upon to do business.

The situation in that regard in the province of Quebec is deplorable. In spite of all the complaints lodged by the travelling public

and others using these services, and their requests for an improvement in the situation, there has been no improvement. Why? Because there has been no change in the custom of appointing to positions in these public utility companies men who are totally ignorant of the French language. Let me take as an example that part of the Canadian National system situated in the province of Quebec and administered from Moncton. Nearly one-third of this division is located within the province of Quebec, and a considerable part of the remainder is in a French-speaking section of New Brunswick. On that division the following new appointments were made during 1937: brakemen, fifteen, of whom only two can speak French; firemen (apprentices), thirty, of whom only three can speak French; shop apprentices, thirty-nine, all but three unable to speak French; headquarters and supervisory staff, six, none of whom can speak French; legal department, seven, all unable to speak French; assistant superintendent of pensions, two, both unable to speak French: staff of the general superintendent of transportation, nine, all unable to speak French; traffic department, twelve, only two of whom can speak French; electric power and signal department, seven, not one of whom can speak French; purchasing department, four, all unable to speak French; engineering department, six, all unable to speak French; auditing department, ten, none of whom can speak French; telephone and telegraph department, three, all unable to speak French; divisional superintendent's office, twelve, not one of whom can speak French; Canadian National express, seven, all unable to speak French; freight claims department, three, only one of whom can speak French; treasurer's department, four, all unable to speak French; local freight agent's office, three, all unable to speak French; general baggage agent's office, three, all unable to speak French; and so on.

In the town of Shediac, New Brunswick, for instance, where the population is ninety per cent French-speaking, there are three officials of the Canadian National Railways: a station agent, his assistant and a porter, not one of whom can speak French. It is high time that we changed this state of affairs; the French-Canadians are sick and tired of it. Even in our good old city of Quebec the express agent bears the name Corrigan MacManus; the telegraph agent is a Mr. McWilliams; the superintendent of the St. Malo shops is a Mr. Boone; the superintendent of the Saguenay division is a Mr. Edgley; the head of the bridge department is a Mr. Riddock; the head of the sleeping car department is a Mr. McDougall; the head of the mechanical department is a Mr. Broadhurst; the superintendent of the transportation department is a Mr. Sunderland; the official in charge of steamships is a Mr. Trueman, and so it goes in a dozen other cases.

In this connection I cannot do better than quote the testimony of a former railway employee who is now a member of this house, the hon. member for Matapedia-Matane (Mr. Lapointe), who on June 22, 1938, said:

It is clear that there exists within the Canadian National Railways an organization which is seeking to eliminate French-Canadians from the posts to which they are entitled. I therefore consider it necessary to investigate this situation, which should not be allowed to continue. Our English speaking friends may be tired of hearing our often repeated complaints, but I wish to tell them that, if we were used a little more fairly, if we were not always kept in the background, we would not so often deem it our painful duty to discuss with such frequency a problem very disagreeable to us.

In order to show them the actual situation, I invite them to visit with me the province of Quebec where we will effect a little investigation. Let us first go to Montreal, and visit the shops or the large offices of the Canadian National Railways on McGill street.

If my hon. friends pay a visit to the different branches—traffic, finance, accounting, purchasing, industry, natural resources, etc.,—they will not find more than two French-Canadians out of every twenty employees. They will also find that French Canadians have been almost ostracized from important positions and that high salaries never go to them. They will look in vain for bilingual signs, either on the walls or on the office doors. If they ask the elevator operator for information in French, they probably will receive the same answer as I got, a few weeks ago: "I do not understand." All that is going on in the greatest French centre of America.

I will then ask my hon. friends to travel to the eastern part of the province of Quebec. But, before we leave Bonaventure station, we will pay a short visit to the offices of the sleeping car department. My hon. friends will no doubt be received as I was a few days ago when I spoke French to one of the employees: "Do you speak English?" said he. "If so, all right, because nobody here understands French."

We will then board the Ocean Limited, the night express, where further surprises await my hon. friends. In the sleeping cars, they will try in vain to make themselves understood in the French language. After a night's rest, we will go to the dining car. In any of the places between Rimouski and Matapedia, the stretch covered from 6 to 9 a.m., when the train passes through one of the most beautiful districts of the province of Quebec, which is also one of the most exclusively French, I defy them to find among the eight members of the staff of that car a single one who can speak French. Our journey will end at Campbellton, New Brunswick. Although more than 50 per cent of the mileage administered from this divisional point is in the province of

Quebec, only four officials out of fourteen are French Canadians. The staff of the divisional office numbers twenty-one employees, of which only four are French Canadian. Out of forty-five men employed in the roundhouse only seven are French Canadian.

Mr. Hungerford, to whom I wrote some time ago to complain about there being no French speaking employees on the Gaspé line, answered me in part as follows, in a letter dated December 15, 1938:

> We will take the matter up with the representatives of the brotherhood in accordance with the requirements of a labour agreement existing between the company and its employees. We hope to be able to come to an agreement with the brotherhood that will permit us to appoint a bilingual employee to the post in question.

I do not see why a regulation could not be made that would force the brotherhoods to make their choice among bilingual candidates, without violating their labour agreements. Seniority rules were also put forward as an objection. I think the members of the transport commission are intelligent enough to draw up rules which will safeguard seniority rights; for it must not be forgotten that my bill applies only to new employees.

Should parliament pass this bill, we shall have in a certain number of years, through the normal working of the promotion system, our rightful proportion of French speaking employees on the railways operating in the province of Quebec. This would assuredly be the best way of maintaining the confederation agreement, because it would remove all the causes of injustice of which my compatriots rightly complain.

I rely on the sense of justice of my fellow members in the house to help me in getting this bill through the various stages of procedure.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, the purpose of this bill is to provide that employees of the railways operating in the province of Quebec shall speak the language of the majority of those with whom they come in contact. With the purpose of the bill I think no one can quarrel, and I believe the management of both railways would say that they are making every effort to bring about that very situation.

I understand the hon. member is not complaining about the trains which operate only in Quebec. I think that on those trains there are far more employees who speak French well, than employees who speak English well, and very few employees who are not fairly proficient in both languages. The complaint of the hon. member has reference particularly to those trains which operate not only in the province of Quebec but also in other provinces and in another country.

The question which must be decided in studying this bill is, having in mind the advantages and difficulties, whether or not the advantages outweigh the difficulties. I will recall to hon. members the fact that a bill similar to this was introduced in this house in 1917. At that time it was violently opposed and overwhelmingly defeated. In 1918 a similar bill was introduced in the senate, and there again it met with overwhelming defeat.

This bill is being opposed by the legislative committee of the railway brotherhoods, which I believe represent well over 80 per cent of all railway employees on both railways. Upon a casual reading it might appear, as I said before, that the bill affects only railway employees in the province of Quebec. In effect, however, it affects all employees of the Intercolonial railway, many employees of the New York Central railway operating into Montreal, employees of the Delaware and Hudson railway operating into Montreal, as well as employees of the Canadian National railways trains operating into Vermont and other parts of the United States.

The difficulty, of course, arises in connection with seniority agreements which for over fifty years have been in effect between the railways and their employees. That system of promotion by seniority provides that the men themselves shall recommend to the management the man who is to be promoted to a certain position. And the development of the seniority agreement has been brought to such perfection that to-day the matter of promotion is almost automatic, so far as the management is concerned. The management assure me, however, that in the matter of bilingualism the unions cooperate as far as is possible. Men are urged to stand aside if by lack of bilingualism they are not qualified to fill a certain post, and it is not often that any great difficulty occurs through men, because of seniority, forcing themselves into positions which they are not competent to fill.

To put the purpose of this bill into force on the Intercolonial railway would mean that old employees of the railway in Nova Scotia and New Brunswick would have to lose their rights of seniority, because practically all their runs are interprovincial and pass into the province of Quebec. Both railways have objected to the terms of the bill. Each management has said it is entirely in sympathy with the object of the bill, namely to bring bilingualism into the operation of

railways in the province of Quebec, but both have stated they thought the effect of the bill would not be helpful in that regard.

Under the circumstances I have no objection to the bill going to the railway committee, where it can be given careful study by hon. members of the committee, and where the representatives of railway brotherhoods and the managements can appear and point out the objections to the bill in its present form. Possibly some provisions could be incorporated into the bill which would not have the destructive effect on seniority rights that the present measure would undoubtedly have. If so, the bill may deserve further consideration when it is returned to the house.

Having stated my position, namely that I believe the proposed amendment to the Railway Act will not improve the situation the sponsor of the bill is seeking to improve, I may say I have no objection to second reading and reference to the committee on railways, canals and telegraph lines.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

CRIMINAL CODE

PROVISION AGAINST REFUSAL TO EMPLOY OR DISMISSAL FOR MEMBERSHIP IN TRADE UNIONS

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved the second reading of Bill No. 5, to amend the criminal code.

He said: A bill similar to this was introduced in 1936 as Bill No. 62. I was not even given a chance to explain the bill; the house had passed a resolution to deal only with unopposed bills, and this bill was promptly opposed by the Minister of Justice (Mr. Lapointe), possibly not because of opposition to the principle of the bill but rather because of the season.

Mr. ROGERS: That was made very clear.

Mr. WOODSWORTH: Yes. It was reintroduced last year as Bill No. 4. It was again opposed by the government, but entirely on constitutional grounds. The labourers' right to organize was apparently conceded by everyone—at least no one objected. But the British North America Act was invoked once more and we heard a good deal about property and civil rights.

The minister will recognize that I am a mere layman, but in my own way I tried to present certain constitutional arguments. I should like very briefly to run over the ground I took last year. I had been looking over the criminal code, and I brought to the attention of the house certain sections of that code. I found, for example, that breach of trust by a public officer is a crime punishable by five years imprisonment. I found that obstructing an officiating clergyman is a crime for which one is liable to be sentenced to two years in prison. This does not mean that religion comes under federal jurisdiction, but when someone attempts to obstruct an officiating clergyman the act becomes a crime. I found, further, that the head of a family is required to provide the necessities of life for any child under sixteen and for his wife, and if he fails he is guilty of a crime and liable to a penalty of $500 or one year's imprisonment or both. Again I would say that this is not because family matters are matters that come under the jurisdiction of this parliament, but when someone evades certain responsibilities it becomes a crime. I find that the issuing of a false prospectus, statement or account by directors or officers of a company is a crime. Here again is a matter that is concerned with contracts, which come directly under provincial jurisdiction; yet if there is a false prospectus issued or anything of that kind—though, and indeed because—affecting property and civil rights that becomes a crime. I found that ever cheating in playing at any game or in holding the stakes or in betting on any event is a crime rendering one liable to three years' imprisonment. I found that sending a false telegram is a crime, the punishment being two years imprisonment. I should like to read section 501 of the criminal code:

> Everyone is guilty of an offence punishable, at the option of the accused, on indictment or on summary conviction before two justices and liable on conviction to a fine not exceeding $100, or to three months' imprisonment with or without hard labour, who wrongfully and without lawful authority, with a view to compel any other person to abstain from doing anything which he has a lawful right to do, or to do anything from which he has a lawful right to abstain . . .

I submit that clause is closely in line with the bill which I present to-night.

Let us take another section, section 502:

> Everyone is guilty of an indictable offence and liable to two years' imprisonment who, in pursuance of any unlawful combination or conspiracy to raise the rate of wages . . . uses any violence or threat of violence to any person, with intent to hinder him from working or being employed at such trade, business or manufacture.

Here is a matter that on the face of it might be considered a purely provincial matter, having to do with contracts, wages, et cetera; but when anyone undertakes to prevent an employee from doing work under

these circumstances, his action is a crime and comes under the jurisdiction of this parliament. As I pointed out last year, certain things which employees may do become crimes. And I suggest that if we have a provision against such actions we should also have in the criminal code a provision preventing employers from interfering with employees in their efforts to organize or carry on union activities. It seems to me that is a reasonable provision.

I am not a lawyer. But I remember nearly forty years ago having to coach a few law students in logic. I must say that after the experience of those weeks I have never been overwhelmed by what the lawyers instinctively know about reasoning or accept unreservedly their conclusions.

Mr. MARTIN: They were just young men.

Mr. WOODSWORTH: Yes, quite so.

An hon. MEMBER: Like yourself.

Mr. WOODSWORTH: But I submit there is no inherent quality in a lawyer as such which makes his deductions necessarily logical.

With regard to the constitutional aspects of the case I should like to quote from the submission made by the Trades and Labour Congress of Canada to the royal commission on dominion-provincial relations in January of last year. Referring to the jurisdictional question the submission states:

We base this statement on two important principles laid down by the privy council itself in dealing with our constitution. The first of these principles was given in a decision of 1896 (the Distillers' and Brewers' case), when their lordships stated that they did not doubt "that some matters, in their origin local and provincial, might attain such dimensions as to affect the body politic of the dominion and to justify the Canadian parliament in passing laws for their regulation or abolition in the interests of the dominion." Obviously this means that a matter of civil rights or of a local or private nature in its origin should cease to be reserved exclusively to the provinces when it becomes of such prominence as to attain national significance.

The second principle, contained in the decision on the Radio case (1932) may be taken either as an extension of the first, or as parallel to it. Lord Dunedin in giving judgment had established that the point at issue was given by the act neither to the dominion nor to the provinces. As a residual power, and as a matter essentially national, jurisdiction was declared to rest with the federal authority.

One other paragraph of this document.

Thus, it seemed to the trades and labour congress that the intention in the mind of the original promoters of the British North America Act and the needs of to-day in regard to the constitution are in agreement, namely, that the central government should be able to exercise those functions one would expect to find a central government possessing, that is to say, jurisdiction in questions of common import throughout the nation in matters where uniformity is highly desirable, in matters where the size of the problem exceeds provincial competence, as well as in matters more readily recognized as interprovincial in scope.

[Mr. Woodsworth.]

Later in the debate last year I was very glad to have the hearty support of the then leader of the opposition, Mr. Bennett. As we all recognize him as a lawyer of standing, I take the liberty of quoting a few paragraphs which I think fairly well summarize his argument. This is to be found on pages 3994, 3995 and 3996 of *Hansard* for 1938:

I think the right hon. Minister of Justice will agree with me that in two paragraphs of this bill we are not dealing with property and civil rights at all, that what we are dealing with is intimidation and conspiracy.

I hope the right hon. Minister of Justice (Mr. Lapointe) will take this point very carefully into consideration, "what we are dealing with is intimidation and conspiracy." The quotation continues:

In the paragraph to which I refer, paragraph (b), we are dealing with the offence against the body politic on the part of those who may be in a position to enforce their views by threats, intimidation or otherwise, preventing that which arises out of property and civil rights, namely a contract being made effective. No one would question the right of the provinces to control matters of property and civil rights. No one has questioned the right of the provinces to deal with matters of contract. But it does not follow that because that is so, this parliament in the exercise of its jurisdiction over criminal law may not express itself in the strongest possible terms as to those who interfere with freedom of contract and the making of it. . . .

Again:

But where a man says, " 'Thou shalt not' use your property or exercise your civil rights," and he uses towards you intimidation or force or threats to see that you do not exercise your rights, that is an offence; that is within the criminal law, and solely within the jurisdiction of this parliament. It is that offence at which this bill strikes.

And again, with respect to penalties:

But it is not a penalty for a breach of contract, because that is covered by a provincial statute; that penalty sounds in damages, as many acts provide. This bill goes further. It does not, as I read it, contemplate the question of contract or property and civil rights in that sense at all. It merely says that if a man refuses to employ another, or dismisses him from his employment because he has exercised his freedom of choice by associating himself with a particular trade union, that is such a deprivation of a civil right, the great right of freedom or association, as to incur the penalties of the criminal law, and not a pecuniary result sounding in damages. That, I think, is the distinction between the provincial statutes and this bill.

The then leader of the opposition offered a practical suggestion:

On the other hand, if we have what I conceive to be the strongest reason in the world for believing a statute to be valid, we should place it on the statute books and ask that it be referred to the court so that its validity may be determined. That is the method prescribed by law for that purpose.

He considered that under these circumstances the bill need not be proclaimed. He closed his presentation with this statement:

I believe the bill to be valid. I believe it to be within the legislative jurisdiction of this parliament. I believe it makes it an adequate and proper offence for a person to interfere with any man exercising his freedom of choice and his right of association, provided always that it is exercised—in the language of the bill itself—"in a lawful manner."

The United States, I might point out, has had somewhat similar constitutional difficulties. The National Labour Relations Act of 1938, though challenged in the courts, was upheld by the supreme court. The core of the National Labour Relations Act lies in sections 7 and 8. Section 7 provides:

Employees shall have the right to self-organization, to form, join, or assist labour organization, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection.

Section 8 supplements and enforces the right of employees to organize and bargain collectively by enumerating and prohibiting certain practices by employers, which are designated as "unfair labour practices." And I would call these particular sections to the attention of the Minister of Labour (Mr. Rogers):

1. It is declared to be an unfair labour practice for an employer to "interfere with, restrain or coerce employees in the exercise of the rights guaranteed in section 7."

2. It is an unfair labour practice "to dominate or interfere with the formation or administration of a labour organization or contribute financial or other support to it."

3. It is an unfair labour practice for an employer "by discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labour organization."

4. An employer indulges in an unfair labour practice if he discharges or discriminates against an employee because he has filed charges against an employer under the act.

5. An employer indulges in an unfair labour practice when he refuses to bargain collectively with the representatives of his employees.

Let me reiterate that this measure, whose constitutionality was challenged, was sustained in the United States by the supreme court.

We are urging this bill at this time because in practice it has been found that the provincial legislation is wholly inadequate. Had I time I might review the provincial acts in the various provinces, but I do not think that is necessary here to-night. I should like to confine myself to the objection raised last year, the constitutional objection.

Mr. LAPOINTE (Quebec East): I should like it very much if my hon. friend would indicate in what way the provincial legislation, where it exists, is wholly inadequate.

Mr. WOODSWORTH: Essentially because of the very thing that I have included in this bill; that is, intimidation, either overt or in the form of the economic power which an employer possesses and may exercise. This is the situation practically, as I see it. The various measures that we have in the provinces take it for granted that there are two parties equal in bargaining power and that these two parties have perfect freedom in coming to an agreement, but in practice that is not the case. It is true that behind the employee may stand a local union that may have considerable strength. We had an example before us to-night in the very strong railway brotherhoods where, because of certain seniority provisions, there would be difficulty in carrying out the provisions of the bill presented just prior to mine. But very often there are not strong labour organizations.

On the other hand, behind the employer there is a board of directors, a company, possibly a great corporation with millions of dollars. Opposing the corporation is a little man who is threatened with the loss of his job. What chance has he, under these circumstances, to bargain freely? No chance whatever. We can go on and on and on in a theoretical sort of way assuming that everybody has economic freedom and liberty, and we shall get nowhere.

I was very much struck with a paragraph I read the other day in a book by Max Lerner, entitled "It Is Later Than You Think." Although Mr. Lerner was speaking of liberals with a small "l" and was thinking in terms of the United States, I am afraid that what he says applies all too closely to at least some members of the Liberal party in Canada.

Mr. LAPOINTE (Quebec East): With a small "l" or a big one?

Mr. WOODSWORTH: In some instances, I am afraid, with a large "L." It applies to those who have been brought up in the old school, possibly before the problems which have arisen on account of the concentration of capital which exists to-day became acute. In any event I should like to read this paragraph; I think it is worth the attention of every member in the house:

> The result is that the classical liberals play directly into the hands of the reactionaries. They have become the most reliable allies that reaction has. Their doctrine of individualism and laissez-faire leads, in the absence of effective government control, to the further concentration of economic power in the hands of the giant corporations. Their doctrine of the rule of law leads to the oligarchial power of the supreme court. Their doctrine of liberty of contract leads, in the hands of the supreme court, to the defeat of basic humanitarian legislation. Their doctrine of states' rights leads to the creation of a No-Man's land in which the federal government is prevented from acting and the states refuse to act. Their belief in social control through litigation leads to the attempt to regulate a social system through the interminable delays of the courts. Their lip-service to the shibboleths of freedom ties the hands of the government and leaves the field to the tyranny of corporations. It is not that liberals want to stand still but that they fear to go forward.

Mr. POULIOT: May I ask my hon. friend, in what country do they have such a strong bench in the supreme court?

Mr. WOODSWORTH: I was quoting from Mr. Max Lerner, who I think was speaking particularly of conditions that prevail in the United States.

Mr. POULIOT: It is not in Canada.

Mr. COLDWELL: It is worse.

Mr. WOODSWORTH: I do not think the situation here is any better. There is a reference in my quotation to a No-Man's land. Undoubtedly there are some very real difficulties that any government has to face. It seems to me that this government has sometimes been very generous in its treatment of the claims of the provinces. I am not now going into the question of the padlock law.

Mr. LAPOINTE (Quebec East): That is not what I am being told in my own province of Quebec.

Mr. WOODSWORTH: Perhaps not.

Mr. LAPOINTE (Quebec East): I am a federalist over there.

Mr. WOODSWORTH: I wish merely to point out that there are undoubted difficulties. I appeal to the common sense of the house and the sense of justice of the Minister of Justice and the Liberal government, in this matter. I ask them not to look at the situation too closely from the purely technical standpoint—although I believe that constitutionally I am on sound ground. But when a grievance exists in this country, and when it has been found in practice impossible to remedy that grievance under provincial jurisdiction, it seems to me that we have a right to come to this house and expect that action will be taken.

On other occasions I have referred to some of the abominable conditions which exist in our so-called company towns. I understand that one of my colleagues will take the opportunity to deal in some detail with that problem. But anyone who has gone into certain industrial communities in northern Ontario, northern Manitoba, northern British Columbia—and I have no doubt that such communities exist in parts of the east, with which I am not so familiar—will recognize that conditions exist there which are incompatible with all ideals of British liberty. Some years ago I was threatened with not being permitted to speak in one of those towns; although I came there at the time of a federal election and I was then supporting a farmer member of this house. It was before we had our own organization as it exists to-day. Before the meeting I was waited upon in the office of the hotel by an American manager of an American company who laid down the law that if I touched on labour matters I would not be permitted to speak. That was in a good sized town in northern Manitoba. Here am I, a Canadian citizen of several generations, who in this country have cherished the ideals of British liberty, and I go to that town to carry on the work of trying to select a federal representative, and an American who has not even taken the trouble to become naturalized in Canada can block me in carrying on that work.

If that can be done to an individual who has some standing in the country, what can not be done to the poor employee who has no one behind him and whose very livelihood is affected by the decision at which the manager may arrive. That is the kind of thing we face all over this country.

Unfortunately in some instances these companies even have certain concessions from the government. It is an outrage, merely because many of these places are isolated and the people concerned are economically unable to assert themselves, that these conditions should continue from year to year. I appeal to the Minister of Justice, who I believe is

a fair-minded man, that he should take this matter up. As I said, I am not a constitutional lawyer, and I may not argue this matter as it might be argued in a court.

Mr. MARTIN: You have done very well.

Mr. WOODSWORTH: I have confined myself almost exclusively to the constitutional aspect, but I believe that if the minister would give a little more careful attention than he has in the past to the actual conditions which have developed here in Canada, he would find a way—if not in the exact wording of my bill, then in some other manner—whereby this need could be met. I urge upon him that course. I do not want to prolong this presentation, although I could go almost indefinitely into cases of hardship. On behalf of the considerable number of people whom I represent—and I know I have behind me the organized labour bodies who have urged this action upon the government—I would urge that the government give this matter careful consideration at this session.

Mr. DANIEL McIVOR (Fort William): I should like to put myself on record as supporting this bill, because it is real reciprocity and trade treaty, or tradesmen's treaty. The purpose of the bill is to prevent employers from refusing to employ or from dismissing employees, or conspiring with others therefor, for the reason that such employees are members of a trade union. I do not think there is any wrong or any crime in the act of a man who unites himself with other fellow workers for their own good. I know that employers generally give their workmen a square deal. I am speaking now from experience, and I will give the house the most recent example of which I know, of employers of labour who have assisted their men to form a union. I refer to the Canada Car and Foundry Company, of Fort William. The men wished to organize, and they were assisted by the management in their organization. This bill would not do anything but help those men and that management. It may be that there are some employers known to the hon. member who sponsored this bill who are not fair and are not willing to play fair with those whom they employ, but I am convinced that the rank and file of employers of labour want to give their men a square deal, either because they are afraid of public opinion, or because their consciences are properly trained according to the Master Workman.

I have no hesitation in supporting a bill of this kind because it embodies true Liberal policy, and I am glad to see the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth) coming so close to Liberal ideas. I am going to support the bill wholeheartedly.

Mr. C. G. MacNEIL (Vancouver North): Since this matter was last discussed in the House of Commons I have had some experience in industrial strife which has led me to the firm conviction that only a measure of this kind will guarantee to the workers of Canada their fundamental rights—freedom of association and equality before the law. I propose to tell a plain, unvarnished tale of events which occurred in British Columbia last summer and which demonstrated how men may be deprived of these fundamental civil rights by powerful, vested interests. In this instance something like thirty-one men were convicted before our courts as a result of their struggle to assert their rights. I refer to the strike that took place at Blubber Bay, Texada island.

Quarrying operations on Texada island are conducted by the Pacific Lime Company. Texada is an isolated spot and the company controls virtually the only payroll on the island. They enjoy practically a monopoly of the source of first-class lime on the Pacific coast, both on the Canadian and on the United States side, and usually they employ about 150 men. I have no hesitation in saying on my responsibility as a member, and after careful investigation of the conditions there, that this particular company has a most unsavoury record at the coast so far as working conditions are concerned. It is a notorious fact that they have failed to enforce the usual safety regulations in the mill, in the quarry and in connection with ventilation in the sacking room. On one occasion, a man, because a shaft was unguarded, was caught, and before the accident was discovered about twenty minutes later, he was mincemeat. Mr. Justice McIntosh, who presided on the arbitration board, found it necessary to recommend that rubble round the lip of the pit should be cleared away. When men are working in a quarry 189 feet deep, from which the only egress is a straight, narrow ladder, it is obvious that a stone, falling from that height, might easily crush a man's skull. Other industrialists on the coast have felt quite uneasy for many years about the conditions that obtained at Blubber Bay. The wage arrangements were also unsatisfactory. The men attempted to organize, and in consequence of that attempt their leaders were definitely blacklisted by the company. During the summer of 1937, and again in the summer of 1938, they insisted on their rights of collective bargaining and of organization. They took all the legal processes available to them under the laws of British Columbia. Conciliators were sent in on three

occasions and, conciliation having failed, the men took action under which is known as the Industrial Conciliation and Arbitration Act of British Columbia. Mr. Justice McIntosh presided over the board of arbitration, and the board brought down a unanimous finding on the main points submitted to them. The provincial act provides:

> It shall be lawful for employees to bargain collectively with their employers, and to conduct such bargaining through representatives of employees duly elected by a majority vote of employees affected, and any employer or employees refusing so to bargain shall be liable to a fine not exceeding $500 for each offence.

The board found in favour of the men on all the principal points under dispute, and the award was unanimous. The company accepted the award. True, there were some technical difficulties at the time, but Mr. Justice McIntosh, accompanied by several members of the board, went back to Blubber Bay and ironed out these difficulties. Again, the award was accepted by all parties to the dispute. Mr. Justice McIntosh recommended that the twenty-three men previously blacklisted should be reinstated. His position was made quite clear in that respect. He said that the company should dismiss the men who had been temporarily employed during the course of the dispute and that those who had been dismissed should be reinstated if available. Nevertheless this company, almost wholly owned and controlled entirely by a United States concern, the Niagara Alkali Company, New York, although accepting the award, refused to work out conditions of reinstatement for the men concerned. The men waited between two and three weeks patiently expecting the company to devise a plan of reinstatement, but still the company refused to reemploy them. The men went on strike and from then on we had one of the most tragic series of incidents in British Columbia, constituting a dark blot on the industrial history of that province; for not only was it shown that the provincial legislation was inadequate, that it was impossible for the provincial government to enforce the award, but the company figuratively thumbed its nose at the law; and what made it still worse, the detachment of provincial police sent to Blubber Bay was employed to suppress the strikers.

The company, through the cooperation of the police, enforced their own padlock law on Texada island. Families residing on private property and desiring to cross on the only thoroughfare available in order to get to the only store, the only telephone and telegraph office, the government dock and the public highway, were compelled to secure passes from the company's office, and on one occasion, in order to reach the public highway from private property, I was required, though a member of this house on lawful business, to travel under police escort. It was a terrible situation and one which has led to extreme bitterness in British Columbia. That strike is still pending. The result was to make a travesty of law and justice in that province, and after what has occurred at Blubber Bay, and in view of the circumstances that surrounded that strike, it is no wonder that many people have little confidence in the administration of law and order in our country. It is nine o'clock now and I desire to move the adjournment of the debate.

Motion agreed to and debate adjourned.

TRADE AGREEMENTS

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed consideration of the motion of Mr. Mackenzie King for approval of the trade agreement between Canada and the United States, entered into at Washington on November 17, 1938, subject to required legislation.

Mr. J. H. BLACKMORE (Lethbridge): In rising to speak on the trade treaty I find myself in a most difficult position. I could praise this treaty with justice perhaps, as the Minister of Trade and Commerce (Mr. Euler) and the Prime Minister (Mr. Mackenzie King) have done, and in so doing unquestionably win the applause and approval of the Liberals in the house and their supporters outside. On the other hand I could disparage the treaty with equal show of reason, as the leader of the opposition (Mr. Manion) has abundantly demonstrated, and in so doing I should win the approbation of the Conservatives in the house and their supporters outside.

But I am here to preach a new doctrine, a doctrine of understanding. It is my task to point a new way. If I understand; if I have a new way, I shall stand alone; for it is well known that he who understands, stands alone. I believe there is a way out of the difficulties by which we are beset, and as long as I have that faith I shall endeavour to find that way and to assist my fellow Canadians in finding it, even if in so doing I must, to a great extent, stand alone. Consequently I will not approve this treaty, nor will I condemn it. In my opinion the good points offset the bad ones, and there are in the treaty a sufficiently large number of both.

It would appear as though in the last analysis it might favour the west in considerable

measure. It would seem that it might assist my province and my constituency, at least directly; whether or not it will assist indirectly it is too early to say. Consequently I will watch the treaty and the way it works out, with much interest.

Before going further, I am going to lay down this general principle, which I was pleased to hear the leader of the opposition lay down. Before any change is brought about in the tariff structure of Canada, by any administration whatever, all producers whose interests may be affected directly or indirectly by any such change ought to be given full right and opportunity to come before the people concerned in making the change and to present their case, in whatever detail they consider necessary, in order to make everyone fully understand their point of view.

There is a tendency on the part of the leader of the government, the right hon. Prime Minister, to try to misrepresent just a little the stand of the people who oppose him in this country. If one says the least word against trade, or even damns it with faint praise, immediately the leader of the government rises in his place and seeks to take advantage and make political capital of the situation by trying to make it appear that such person opposes trade. That is distinctly unfair, and I trust that as the right hon. gentleman grows older he will outgrow that tendency.

Let me say a word or two regarding the stand I take on trade, in order to make my position clear once and for all. I do not oppose trade; neither do I ardently worship it. As long as the circumstances persist which at present obtain, we Canadians simply must trade; first, to rid ourselves of our surpluses; second, to obtain those commodities which we need and which we cannot produce, such as citrus fruits and the like; third, to enable us to have seasonal exchanges, so that in the winter time, for example, we may enjoy carrots, green vegetables and the like, which can be produced readily in warmer climates. At the same time we have interest to pay on debts. That interest can be paid only in goods and the goods can be exported only by trade. Again, we have life insurance policies in companies located in the United States and elsewhere. Upon those policies we must pay regular premiums which must be paid in goods, and goods can be exported only through trade. Then we have a great deal of raw material to distribute.

At the present time we are endeavouring to distribute the world's raw material by trade, and in so doing we are attempting an utter impossibility. Let no man forget that. We are attempting also to place adequate purchasing power in the hands of our people by means of trade. In so doing we are again attempting an utter impossibility. These last two objects cannot be attained, and until those who are leading this country and the people generally throughout Canada clearly comprehend these latter two facts which I have laid down, we shall go on blundering, trusting to trade to do those things which trade cannot do.

Much has been made by the Prime Minister of the contention that this treaty is tending towards peace. During the time at my disposal I propose to discuss that aspect of the treaty, neither opposing the trade treaty nor defending it as an economic measure, but treating it purely as a political measure in a world where war abounds. Our people in Canada want peace. A democratic government should give them peace. If this government cannot give them peace, at least it ought to follow those policies which are designed to lead to peace. I contend that this government in signing this treaty is taking a step which is not tending towards peace. Can the treaty help to prevent war? Absolutely not. When the Prime Minister maintains that it will do so, he is deceiving himself and all those who trust him.

In a Canadian Press dispatch reporting a speech delivered by Sir Samuel Hoare on February 10, 1939, I find a most interesting statement, in these words:

> How often have I thought . . . when I was foreign secretary, that we tended in the years after the great war to ignore the root of the causes of future wars.

Does Sir Samuel Hoare know? During those years Great Britain was striving for trade treaties. Does he think for one moment that in so doing she was removing the root causes of war? Manifestly he does not. He goes on to say:

> Our first duty is to be ready to remove the causes of war.

To those words I say amen.

What are the causes of war? There are two main causes to-day. The first is the deficiency of purchasing power in the hands of the people within any given country of the world. The more we know about realities, the less we shall treat that statement with disdain. It was that condition which brought into power Hitler and Mussolini, and it is that condition which will bring into being a Hitler or a Mussolini in Canada unless it is changed. The second main cause of war is that in this world there are plenty of resources, but they are in the hands of relatively few nations. The other nations are unable to get those

resources, or the products of those resources, by any means known to man, except by fighting. If we are going to remove the causes of war we must remove those two causes. For example, sir, in Alberta we have vast resources of coal. Italy needs coal, which she must import every year in order to keep her people from freezing. Up to the present time and under the present system we know of no way to enable Italy to get enough of the products of Alberta's coal fields except by conquering and possessing Alberta. We want to remove the cause of war; seek it in this inability and remove it. I maintain that this treaty, or a thousand treaties like it, cannot remove that cause.

What is the cause of war? Is it lack of goods in this world? Let us see. I have in my possession a statement by F. E. Lathe of the national research council of Canada. On June 27, 1938, in Ottawa, speaking before the American Association for the Advancement of Science, that authority declared that mankind to-day can produce four times as much food as all the people alive can use. In the same speech he said there is a sufficiency of every other necessity in the world to give everyone an adequate standard of living. There is no lack of plenty in this world. The trouble is that we have not yet learned how to distribute it.

During the same convention another eminent authority spoke; this time Doctor Harold C. Urey, Columbia's Nobelist in chemistry. Before the convention he used these words:

> There is little doubt but that much of the unrest of the civilized world for the past twenty-five years resulting in revolutions, new systems of government and world wide depression are all—

Note these words—

> —rather closely related to this productive capacity, largely brought about by science.

Mr. Speaker, through you may I call the attention of hon. members to the fact that this is a revolutionary statement. It is a statement of what seems palpably impossible —that we are fighting, having depressions, having upheavals, because of our large production. Yet those are the words used. And he goes on to say that profound modifications of our social and economic institutions must result from the clearly increasing productive capacity for material things that chemistry and other sciences make possible. There can be no doubt of the meaning of that man. I maintain that statement bears out my contention. We must learn to distribute. Lack of distribution within the country and among the different nations is the fundamental cause of war and troubles.

What is the cause of war? It is the unequal distribution of resources. I shall have to turn over to *Hansard* a chart which I wish all hon. members to see. This is a striking chart used by F. E. Lathe in his speech. I shall have to tell—

Mr. DEPUTY SPEAKER: Order. I regret to interrupt the hon. member for Lethbridge, but I would ask him to confine his remarks to the trade treaty between Canada and the United States.

Mr. POOLE: That is the trade treaty.

Mr. BLACKMORE: I do not see how in the world a person can more closely confine his remarks to the treaty than by discussing the question whether or not it will tend to create peace, especially when the Prime Minister made that as one of his greatest arguments in favour of the treaty. The question of peace is the matter I am discussing. With your permission, Mr. Speaker, I have laid down the statement that there is an inequality in the distribution of resources throughout the world, and that this is one of the causes of war. This is the chart used by Mr. Lathe in connection with his speech:

> In this table the number "1" is taken to represent substantially complete self-sufficiency, "2" partial or temporary self-sufficiency, and "3" definite lack of self-sufficiency.

Table VI—National Sufficiency in Major Minerals

	Br. Emp.	U.S.A.	U.S. S.R.	France and Dep.	Germany	Italy	Japan
Coal	1*	1	1	1	1	2	2
Iron	1	1	1	1	2	3	3
Copper	1	1	2	3	3	3	2
Lead	1	1	3	3	1	2	3
Zinc	1	1	2	2	2	3	2
Nickel	1	3	3	2	3	3	3
Tin	2	3	3	3	3	3	3
Asbestos	1	3	1	3	3	3	3
Petroleum	3?	1	1	3	3	3	3

*Numerical order represents decreasing abundance in relation to national requirements.

Is it not clear why Germany, Italy and Japan must struggle with the nations which have those commodities in abundance, in order that they may be able to get their share? There is an inequality of distribution of this world's resources. This generation must discover a means whereby we can enable those three nations to get their full share of the production of those resources, without owning them, or they will arise every twenty or twenty-five years, when they are strong enough, and endeavour to seize them by force.

The Minister of Trade and Commerce has declared twice in the house that in the present treaty Italy, Germany and Japan hardly profit at all—and we are supposed to be signing this treaty to get peace! Yet those three nations with whom we want to have peace are entirely ignored, so far as the benefits to be derived from the treaty are concerned.

How can this treaty help towards peace? I will grant it helps the United States, Canada and Great Britain. But Great Britain and the United States are not the sources of our potential danger, as the leader of the opposition has so well pointed out on two occasions before the house.

What is the cause of war? What does Herr Hitler say? Perhaps I may be excused for quoting a few salient passages from a recent speech he made. He may not be representing himself truthfully, but this is what he says:

In Germany 135 persons live on one square kilometre—

Mr. DEPUTY SPEAKER: Order. Would the hon. member state the newspaper from which he is reading?

Mr. BLACKMORE: It is an Associated Press dispatch from Berlin under date of January 30, appearing in the Ottawa *Citizen*. May I just quote again:

Where lies the cause of all our economic difficulties? (says Hitler). In over-population of our living space.

In Germany 135 persons live on one square kilometre (·358 square mile) without outside assistance and without the resources of former times.

"No people have been born to be "have-nots," and no people to be "haves." The conditions of possession on this earth have resulted from historical development."

And again:

Every people has the right to make its existence secure on this earth.

And again:

It has exactly the same right to participate in the exploitation of this world as any other people.

And again:

As things are, we must replace what we lack in material means by extreme industry and the greatest possible concentration of our labour power.

And again:

He for whom nature lets bananas grow into the mouth—

And, sir, if he was not thinking of the United States, and Canada and other parts of the British empire I ask you what was he thinking about; for if there is any people in the world born with bananas growing into their mouths—

Mr. BOUCHARD: "Yes, we have no bananas."

Mr. BLACKMORE: We are those people.

—by themselves naturally has an easier fight for existence than the German farmer who must work hard all the year to keep his soil in condition.

The whole speech is replete with statements like that, which are pathetic. If we are ever going to get ourselves to the point where there is an understanding between us and the other great races of this world, we must commence now, and not delude ourselves into thinking that the signing of such treaties as this is the beginning of that understanding.

Do such treaties make the "have" nations help the "have-nots"? is the question to ask. This is a treaty among three "have" nations, the three greatest "have" nations in the world. By what conceivable means can it help the "have-nots," when the Minister of Trade and Commerce this afternoon specifically stated that the "have-nots" were not to derive benefit from these treaties, except only incidentally?

May I now read statements of some men whose word ought to bear some weight with hon. members, regarding treaties somewhat similar to this one? I choose first the words of Sir Archibald Sinclair, Liberal leader in England. He is speaking about the Ottawa agreements. But before reading this, may I say that when the Ottawa agreements were signed I hailed them as a great achievement. That was because at that time I did not understand. To-day, without any reflection whatever on the good men who negotiated those agreements, men who in my judgment believed they were doing what was in the best interests of this country, I would certainly not praise those agreements. I agree with this man. Here are his words:

It was not until then—

That is when the Ottawa agreements were signed.

—that the German people abandoned themselves to the frenzy of despair which we call

Hitlerism, and the tariffs and quotas of Ottawa, the economic armaments of the British empire, began to breed in other countries tanks, aeroplanes and warships, the military armaments of nations which were determined not to go on paying tribute to Britain but to acquire territories and raw materials for themselves in Abyssinia, in Spain, in China, in Austria, in Czechoslovakia, and perhaps ultimately in the British empire itself.

Mr. HEAPS: What is the date of that?

Mr. BLACKMORE: According to the record I have, this was delivered on May 11, 1938. At any rate it was near that time.

That is what one great authority says—I assume he is an authority; I hope he is not just talking political ballyhoo. He ought to be an authority. Those words are worthy of our respect. The Ottawa agreements were somewhat similar to the agreement that we are now discussing. They were a set of agreements designed to enable members of the select few who have been blessed by Almighty God with the good things of this world to keep these things unto themselves and away from the others.

I have another quotation of the same tenor. This is from *Peaceful Change* published by the Foreign Policy Association:

> Through the Ottawa agreements of 1932, the members of the British empire, including India, the dominions and a number of British colonies, established a system of trade preferences, favouring each other, and discriminating against outside countries. Since the trade of the British empire amounted to 29·1 per cent of the world total in 1934, such a policy is of serious concern to the rest of the world. Outside countries like Germany and Japan are thus placed at a disadvantage in all these imperial markets.

The trade treaty under discussion is an expression of a sort of Anglo-Saxon economic imperialism. Canada and the United States could manage to live largely without engaging in hot, successful commercial rivalry. That statement, without amplification, must seem strange, I know, but I could support it at great length. Canada and the United States, being blessed by providence with an abundance of all sorts of resources of every kind, are in a position largely to live without obtruding their goods upon the world markets and competing with the other nations who have to trade their goods on world markets in order to live. We do not need to extrude our goods in order to live; we are doing it merely as a means to distribute purchasing power among our people, simply because we have not yet learned a better way of doing it. Is it not hot, successful commercial rivalry which tends to war? May I read some words of President Wilson, that great ambassador of peace:

> Is there a man or woman, nay, is there a child in this audience, who does not know that the seeds of war are sown in hot, successful, commercial rivalry?

This treaty as far as Germany, Italy and Japan are concerned is tending towards hot, successful, commercial rivalry against them. Thus it does not tend to remove the causes of war; it tends rather to provoke war. I am not condemning the treaty; I am not saying that at the present stage of our progress it is not necessary for us to have such a treaty. But I am saying that any informed person who deludes himself into thinking that a treaty like this tends towards international peace is either culpably ignorant or culpably lacking in understanding. I intend to support the treaty, not because I am deluded into thinking it tends towards peace. It is a bargain economically profitable or unprofitable. But let no man trust to it for peace. If he does, he is leaning upon an aged and very much decayed reed which will break and let him fall.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, I always listen with a great deal of interest to the leader of the social credit group in this house (Mr. Blackmore). I also read very attentively the statements he occasionally makes between sessions, and it is hard for me to reconcile the statement he made last fall immediately after the trade agreements had been signed between Canada, the United States and Great Britain, the treaties we are now discussing, with his attitude to-night, because in an interview he then gave to the press he stated that he was highly elated at the signing of the treaties. But this evening, listening to him, the only conclusion I could draw was that he was strenuously opposed to this trade agreement between Canada and the United States.

Mr. BLACKMORE: Will the hon. member permit a question? Does he not recall that I said in the course of my remarks upon this treaty to-night that as far as I could see it was in the interests of Alberta and in the interests of my constituency directly? I think he will grant that I said that.

Mr. BRADETTE: The hon. member may have said that, but any one reading his speech in *Hansard* would be left with the impression that he was absolutely opposed to the treaty.

Mr. BLACKMORE: Will he not grant that I stated repeatedly to-night that I favoured the treaty for economic reasons?

Mr. BRADETTE: Anyone who will analyze his speech would say that it was seventy per cent against the treaty, perhaps five per cent for it, and nobody knows what the other twenty-five per cent was about, but I want to believe what he has just said. He mentioned that the people, the consumers, should be considered. But, Mr. Speaker, we are all consumers, and as consumers we have a right to expect that tariff changes will operate to our benefit. There is one thing that the Canadian people have come to realize perfectly during the last four years of the present administration, and that is that tariff changes which have been made have been continually downward, not upward, and that for the consumers of Canada the cost of living has, by such action, been steadily decreasing, and will continue to do so as long as we adhere to that policy.

The hon. member also mentioned the attitude of the Prime Minister (Mr. Mackenzie King) in the House of Commons. I believe, that every member of the house and everyone who has seen how the Prime Minister has, for a great number of years, carried out his functions, realizes how patient he is with every section of the house, and with every member, in all matters pertaining to the parliament of Canada. I say that without fear of contradiction.

The leader of the Social Credit group spoke repeatedly to-night of the unlimited resources we have in this country, but I think we should be very careful about making statements of that kind. He mentioned that Italy, which lacks coal, could easily get coal from Alberta. Would he tell the house how feasible he thinks it would be for Italy to buy Alberta coal? A few years ago there was a bonus paid on coal by the federal government. In our section of the country, in northern Ontario, we have long and severe winters and we use a great deal of coal. We tried as earnestly as we could to use Alberta coal, but we could not use it economically for either domestic or industrial purposes. The distances were too great for economical transportation.

Mr. POOLE: It is the hardest coal in this country.

Mr. BRADETTE: But it is not at all easy of access. The hon. member will not state that it is easy to bring Alberta coal to northern Ontario.

Mr. POOLE: I said that we have the hardest coal in this country in Alberta, forty-two miles south of Calgary.

Mr. BRADETTE: Yes, you have coal, wheat and cattle, et cetera—

Mr. POOLE: The hardest coal in Canada, less than one-half of one per cent moisture.

Mr. BRADETTE: —but you lack many other commodities. It is no use saying that we have unlimited resources. We have limited resources, and they are hard to develop. I have mentioned northern Ontario. At the present time lumbering operations in my section of the country are conducted in a temperature ranging from fifteen to forty below zero for months at a time, and there is now nearly five feet of snow in the bush. Will the hon. member say that our natural resources are easy to develop? They certainly are not. Our mining is all done in hard, solid rock. This is a hard country; we have to fight every inch of the way, and if we have done so well among the trading nations of the world, this has been on account of the fine character of our population, its industry, enterprise and determination, which is the greatest asset any nation can have. Apparently the hon. member believes much more in the utterances of totalitarian leaders in Germany or Italy or some other countries of Europe than he does in his own government.

Mr. POOLE: How does the hon. gentleman arrive at that conclusion?

Mr. BRADETTE: When he spoke of the nations that have not, he apparently did not realize that our markets are opened to Germany and Italy. Personally I have received a number of letters criticizing the action of the government because Germany and Japan receive most favoured nation treatment with respect to the commodities dealt with in this treaty.

Mr. POOLE: He quoted a press dispatch.

Mr. BRADETTE: There is no necessity for Germany to fight for any raw materials she wants. She can get them if she wants them, like all other nations. Will the hon. member maintain that it costs Great Britain less than Germany or Italy to get the raw materials to keep her industries going? Germany and Italy have access to world markets the same as any other nation.

Mr. POOLE: But they have not the credit.

Mr. BRADETTE: It is their intensive nationalism that prevents them from taking

advantage of that access. They do not want to trade with other nations of the world, and we have accordingly seen revolutions take place in the last few years. Mr. Cordell Hull, of the United States, only a few years ago, in 1934, stated that while the United States had made big mistakes on the tariff question and they have been changing drastically their policy in that regard in the last few years:

> Extreme nationalism, if persisted in, is destined soon to wreck our entire structure of western civilization. In entering upon the negotiation of trade agreements, we are willing frankly to admit that we have erred in the past, that we have now repented.
>
> Just as we set the vicious example of erecting the trade barriers of high tariffs which induced others to follow us, so now we are asking other nations to join us in an attempt to undo the damage our collective action has worked.

Surely the members of the social credit group realize that situation. It was not for reasons of trade alone that Germany annexed Austria. It was not for trade alone that she annexed the Sudeten from Czechoslovakia. Hon. gentlemen opposite should be fair and not make statements which cannot stand the light of day, and in discussing a matter of this kind they should not attribute to the government motives which the government do not have. We believe trade treaties between the haves and the have-nots, treaties between all the nations of the world, would foster the bringing about of universal peace, and it is the only way in which we can have universal peace.

An hon. MEMBER: Why not include the other nations too?

Mr. BRADETTE: They are included, at the present time, many of them, and all of them that wish to come in. All that a country has to do is to show its willingness to trade with Canada, the United States and Great Britain. Only a few days ago a British statesman, speaking in the House of Commons at Westminster, I believe, said that it would not be necessary for Germany to get back her colonies to get raw materials because the raw materials of the British empire were always easy of access to Germany and Italy at the same prices as to other nations.

I am absolutely in favour of more and more trade agreements of this kind. When one looks at Canadian history over the past seventy-five years, with its succession of reciprocity defeats and revivals, it would almost seem that some force stronger than politics, perhaps some national selfishness, kept alive the idea that Canada and the United States should not engage with each other in profitable trade, but we are gradually coming to a better understanding on that question. The echoes of previous general elections in this country come back to my ears. In 1911, for instance, we had that fine motto from the Conservative party, "No truck or trade with the Yankees," and only last fall they were talking of Canada's annexation to the United States as a result of the present trade agreements. A man who is presently a member of the upper house, and a minister in the previous government, made the statement that the signing of these trade agreements was one of the surest steps towards the annexation of Canada to the United States. He was trying to revive the old cry of annexation to the United States.

I was pleased to hear the leader of the opposition (Mr. Manion) say this afternoon that we should be ready to trade with other nations on a fair basis. How far away this is from the policy of 1930, when the then leader of the Conservative party was going to blast his way into the world's markets. His powder must have been very wet, because he was not able to do any blasting that I know of. The present leader of the Conservative party mentioned, I think, that the Hon. Oliver Stanley said that some of the features of the present trade agreement were "eyewash." Well, I remember what was said about the Ottawa agreements by one of the ministers of the British government; he said it was humbug, speaking of some of the actions of the then Prime Minister of this country in 1932.

The hon. member also said that the tariff protects labour and industry. I still have to be shown when a tariff has really protected Canadian labour. As to protecting Canadian industry, I am absolutely open-minded on that score. There may have been stages in the life of some of our industries at which they needed some tariff protection, but no one will deny the statement that in very many instances protection has been used to fleece the Canadian people who have been compelled to pay high prices by industries which have hidden behind the tariff wall.

The leader of the opposition appears to have lost some of his red-blooded Canadianism when he says that we cannot do very much, we 11,000,000 people, for the peace of the world. Surely a nation which is fifth in the world as far as trade is concerned should have its voice heard and respected in the concert of nations, where it should be heard on behalf of peace and harmony. This

agreement is one great step forward, showing not only that democracies can unite for the good of all, but that commercially speaking it is possible for nations to ally themselves for peaceful purposes. We have done a great deal for peace, and Canada should not take a back seat whether in the League of Nations or in the matter of trade agreements; for we are working nationally and internationally for the peace of the world, and appeasement between nations.

I believe the leader of the opposition was hardly fair to himself when he said this afternoon that we must have peace in our midst before we talk of universal peace. Surely he never meant that statement to be taken literally, because we have peace in this country, although there is some unemployment and some poverty to be dealt with, sometimes acerb discussions; but we are not suffering more than any other nation, and our condition in that respect is not any reason why we should avoid trying to the utmost by trade agreements and all kinds of activities to keep in the forefront ideas of international appeasement and the preservation of peace.

The leader of the opposition also expressed the opinion that Americans are much better traders than we are. Well, I have been quite a student of Great Britain, and I believe it would be difficult to drive a hard bargain against Britain. Old John Bull and Jack Canuck have the reputation of being good traders. We must always visualize this as practically a triangular trade agreement; it was made possible to some extent by the good offices and the willingness exerted not only by Canada but also by the United States and the United Kingdom.

As far as my own section of the country is concerned, we should be free traders in the full sense of the word, for the very good reason that we are primary producers. For every pound of our production we must of necessity find an outside market, and I maintain that the best markets we have are those of the United States and Great Britain. Some hon. members seem to deplore the fact that we are so close to the United States. Cannot they realize what Australia, for instance, would give to be in as close proximity to the United States as we are? After all, in a good many instances we are running on parallel lines in our culture, civilization and way of thinking; our production is almost identical so far as our industries are concerned; our financial and industrial activities operate on much the same footing; and we are in the happy situation not only of having an American outlook but of working within the orbit of Great Britain, within the commonwealth of nations, and acting as a liaison officer between Great Britain and the United States, as well as enjoying those two fine markets which we so greatly need.

I desire to say a few words about the seasonal tariff on fruits and vegetables. I want the Ontario and Quebec producers of these products to have a full measure of protection so long as it does not interfere with the cost of living of the pioneers in districts like northern Ontario and northern Quebec. I know of many instances where the change in the seasonal tariffs has been the cue to certain dealers to over-charge the people in our section of the country. I am not a free trader, and I believe that central Canada should enjoy a reasonable amount of tariff protection. Do hon. members know that in our section at the present time there is what we call a zone system? They may be surprised to know that when I am living in my home town I pay thirty-five cents a gallon for high test gas. In Ottawa you pay nineteen cents a gallon for the same kind of gas. While those who live here are paying on their overdrafts on current accounts six per cent, we in northern Ontario have to pay eight per cent. That sort of thing applies all along the line. A premium has been applied against us as far as our section is concerned. If we criticize high tariffs it is because we believe we are paying exorbitant prices and helping other sections of the country to our detriment. All we want is fair treatment.

I was astonished to hear from the leader of the opposition and from the hon. member for St. Lawrence-St. George (Mr. Cahan), that in dealing with items of trade between Canada and the United States we should not include our exports of gold; that gold is not a commodity. Did the hon. members by that mean that, like King Midas of old, who had the power to turn into gold everything he touched, and who, in spite of all that wealth, starved to death, we must start and accumulate gold? As far as northern Ontario and Canada are concerned, when we have a surplus of that commodity we must dispose of it in outside markets. We have been fortunate in that respect because a few years ago the President of the United States found it possible to increase the price of gold to $35 an ounce. That decision has meant the lengthening of the average life of the old gold mines of northern Ontario and the opening up of new ones, giving useful occupation to tens of thousands, yes, hundreds of thousands, of Canadian workers.

Mr. POOLE: Why does the United States keep its gold instead of exporting it?

Mr. DEPUTY SPEAKER: Order.

Mr. BRADETTE: I believe the hon. member who just interrupted me expects Canada to keep all that gold. Is that what he suggests?

Mr. POOLE: Well, we have not too much money.

Mr. BRADETTE: On that reasoning, we should keep all our wheat, all our meat, all our timber, all our manufactured production.

Mr. DEPUTY SPEAKER: The hon. member who interrupted is out of order. He can put a question to the hon. member who has the floor, with his permission, but when he does so he should rise in his place.

Mr. BRADETTE: Speaking of this matter the hon. member for St. Lawrence-St. George answered thus, when the Minister of Finance (Mr. Dunning) put this question to him, at page 477 of *Hansard*: "Is gold not a merchantable commodity?"

> Mr. Cahan: No, gold is not a merchantable commodity in the sense that iron or steel or wheat is.

Well, I repeat that this shows how short-sighted some members of the opposition have been in their opposition to and their arguments against this trade agreement. Further, the hon. member for St. Lawrence-St. George said that we have exported to the United States $258,367,247 in gold bullion, and that this should not be included in our export trade. Does he not realize that our producers of gold, and now the government, are always trying to get the best market possible? Do hon. members who speak on this problem realize that in 1933 the Conservative government stopped the selling of gold to anyone but the Canadian government? Do they think for one moment that any Canadian government, whether past or present, has not always done its utmost to find the best markets in the world for Canadian gold? I repeat that with the surplus of production of this commodity we cannot keep it in this country any more than we can keep our excess supply of pulpwood or of sulphite or of grain. Will the hon. member for St. Lawrence-St. George say that we should send that gold to Germany, for instance? What price would Germany or Russia or the Scandinavian countries give for that gold? These are questions that must be very carefully considered when we are dealing with one of the largest wealth-

producing industries in Canada, which has greatly helped the nation during these times of stress. The hon. gentleman said:

> But no trade agreement is necessary to induce foreign countries to accept bar gold. Gold is not an ordinary commercial commodity which is subject to customs duties, and gold has no place in trade statistics which are quoted to show the advantages of a reciprocal trade agreement between this country and the United States or between this country and any other country.

The same applies to all other production. We all know that in the past the United States government have used the tariff as an instrument for the protection of United States industrialists, and it did not always work for the prosperity of that nation. In my section of the country we must of necessity find outside markets; and the best market we have is in the United States. But the United States market is very sensitive. It is easy for that market to lose its equilibrium. I remember vividly two years ago before the increase in the cost of newsprint from $45 to $50 a ton, in my own constituency, in the whole of northern Ontario and northern Quebec, the newsprint and sulphite mills were working over-time shipping in some instances a whole trainload of newsprint in a day. But then the Americans began to buy more freely from the Scandinavian countries, and at the present time we have the sad spectacle of some of these mills running at only fifty per cent capacity, with the result that the prosperity which existed last year in that section is now gone. That makes a big difference to this country. We have no market in Great Britain for that commodity, nor have we in Germany or the other nations. Canada depends upon a freer interchange of commerce between this country and other nations of the world, because it must not be forgotten that we are on an export basis, and that freer interchange will prove beneficial to us in the long run. At the beginning of this session the leader of the opposition, speaking on the address in reply to the speech from the throne, made an allusion to the present trade agreement. He had this to say:

> There have been perhaps more or less sub rosa, many complaints against this treaty, but the industries of the country may have been too frightened to express their opinions about it. Some of them appear to think it would be more or less unpatriotic to express an opinion against the treaty.

I never doubted the patriotism of our industrialists, our manufacturers, but I do know that when their interests are affected they are certainly outspoken and it does not take them very long to express themselves.

If any one will take the trouble to read the various opinions which have been expressed by the industrialists of Canada with respect to the trade agreement, he will realize that that agreement has been wonderfully received by every business organization, by every industrialist in the country. Some of them refer to it as the 1939 model trade agreement, one that will be beneficial to Canada as a whole. Apparently the industrialists of Canada realize, just as those in the United States do, that at times it is necessary for them to make sacrifices. It is not necessary in this instance, and where it may seem that temporarily the trade agreement will not be satisfactory, a little reflection will suggest that in the long run it will prove beneficial to every section of our population. Many opinions have been quoted, from newspapers and various other sources, to show that the agreement should be acceptable to the dominion as a whole.

The opposition that was expressed in this house earlier in the session was more pronounced than it is at the present time. Nearly fourteen months ago, when the announcement was made by the government of a three-way agreement, the Conservative opposition thought they had something to work upon such as they had in 1911, and Mr. Bennett, when speaking in Halifax, tried to stir up the people. He told them that they must fight that agreement from the drop of the hat; that the trade agreements which the government contemplated meant that we were selling Canada's birthright. My hon. friends, however, sensing public opinion, realized that the people were in favour of the agreement; and in his speech this afternoon the leader of the opposition showed that he was fully conversant with the views of industrialists, farmers, primary producers and the Canadian people as a whole. He knows they are practically all in favour of this trade agreement between Canada and the United States, and that to oppose it would not be a popular move on his part.

Some people sometimes seem to believe that the government has no right to appeal to sentiment in support of agreements of this kind. Sometimes they are baffled by the attitude of the government. They always remain in the realm of hard facts, never considering what might be the outcome of any action taken. But I believe that this government should be sincerely commended for the work it has accomplished in the last four years, and particularly in this instance, in bringing together the two great English-speaking democracies. Canada has played a great role in that achievement. The leader of the opposition said this afternoon that in some parts of Great Britain the people were opposed to the trade agreement on the ground that it called for too great a sacrifice. The economists of London and Great Britain, however, had this to say, that even the briefest study of the terms of the agreement is enough to show how little could have been done without the readiness of Canada to offer her generous cooperation, and that Canadian and British business men generally should be gratified at the part the dominion has played in effecting the treaty.

So far as I am concerned, I do not wish to see any harm result from the treaty. I do not want to see any of our minor or major industries adversely affected. But I believe that every Canadian industrialist after making a close scrutiny of the three-way agreement will realize that in the near future, if not immediately, the result will be beneficial to Canada. In our section of the country we are ready and willing to make any sacrifices that are necessary to the well-being of the country, and if in regard to vegetables and fruits we are paying fifty per cent more than the people in the older sections are called upon to pay, we are willing to make that sacrifice, but we do not want that to be used to the detriment of our people and for the purpose of providing profits.

It has been suggested that the textile industry will suffer from the present agreement. I have studied the situation carefully from that angle and have looked into the retail trade in my own locality. I have spoken with some industrialists and they do not believe that particular industry as a whole will suffer.

I do not believe that the present discussion will be as long or as strenuous as we at first expected, for the simple reason that the Canadian people are an infallible political barometer. They have looked into the situation from all angles and have thoroughly analyzed it, and they realize that although the agreement may not be perfect in some respects, although in some instances it may have to be amended from time to time, the government through the agreement has been working for the welfare of the Canadian people.

It has done more, however. It has continued the policy of appeasement in the international situation. We see that it is possible for nations with diversified interests to come together in matters that are so important. Sometimes trade is the cause of war between nations. Trade may cause friction. But, unlike the leader of the opposition, I do not decry the fact that there has been over a century of peace between Canada and the United States. I see no reason why we should not be proud

to mention that fact, and to reiterate it, because it is an evidence that the nations have found it to be to their mutual advantage to live peaceably side by side. It is a much happier sight to see the border between Canada and the United States practically unprotected; it is much better than if we had on the one side something like the Maginot line and on the other the Siegfried line. Our two nations live side by side, each benefiting and respecting the other, and I would never fear what one of the senators from the province of Quebec mentioned the other day, for example; that is, our annexation to the United States. It is possible for us to develop more fully within our own borders, and as we achieve a greater understanding of the mentality of the people with whom we are so closely affiliated we shall slowly but surely create a civilization of our own, on which our proximity to the United States will leave its imprint.

In my own name and that of the people whom I represent I want to express appreciation of the fine work that was accomplished by the Prime Minister of this country when, immediately after his return to power in 1935, he announced the negotiation of a trade agreement between Canada and the United States. Again last fall nearly all the citizens in my section were equally happy because of the action taken by the government in again negotiating a trade agreement with that republic. As far as those people in my section are concerned, it will be absolutely impossible for any opposition effectively to criticize those agreements, which in my view represent great amity and understanding between the three nations involved, and present an example to all the world.

Hon. GROTE STIRLING (Yale): Mr. Speaker, in 1936, during the debate on the 1935 agreement, I expressed the belief that there would be very few people in Canada who, of their own knowledge, could give a comprehensive opinion with regard to that agreement, because its implications were so wide that time alone would tell. If that was the case then, it is more than ever the case now. Not only have we the terms of this agreement, to use the Prime Minister's words of the day before yesterday, added to those of the 1935 agreement, we have also the other agreement, with which we are not primarily connected, between the United Kingdom and the United States. Then we have the further fact that the concessions we give under this agreement automatically go to thirty or forty other nations whose agreements contain the most favoured nation clause, and from whom we receive nothing in return. In addition, there is also the provision for the removal of the 3 per cent excise tax, the implications of which cannot be followed because of the complexity of the matter in its present position. Again time will tell.

This afternoon the Minister of Trade and Commerce (Mr. Euler) used that exact phrase, that time would tell, and he believes that it is telling. As his reason for so believing he gave the January figures having to do with trade. I do not take that as a proper basis on which to measure the agreement, because last fall we heard from all quarters that various transactions were being held up waiting for January 1, when this agreement would come into force. So it will be interesting to see whether the imports and exports in February, March and subsequent months bear out the contention of the Minister of Trade and Commerce. In my opinion, however, the trade figures as between Canada and the United States over the last three years have told at least part of the story. A week or two ago the hon. member for St. Lawrence-St. George (Mr. Cahan) directed attention to the export and import figures between Canada and the United States. At that time the hon. member was dealing with what he considered a mistake which is now made, in including the export figures of gold. At the moment I am not interested in that feature, but it is quite evident that if you are going to compare export figures over the years that have passed you must compare comparable things, and if until 1935 the gold export figures were not included, certainly they must be deducted now.

I want to direct the attention of hon. members to the fact that for the calendar year 1935 Canada's exports to the United States amounted to $261,655,372. With the improvement in world trade in 1936 those figures rose to $333,916,949. Again in 1937 those figures showed a slight increase, to $360,012,143. Then, because Canada was feeling the reflection of the set-back in the United States, they fell off so that for the calendar year 1938 our exports amounted to $270,461,189. Now I want to look at the import figures. In the calendar year 1935, before the 1935 agreement had any effect, we bought from the United States $312,416,604 worth of goods. Those figures improved in 1936 to $369,141,513, and again they showed a notable improvement in 1937, to $490,504,978. Then, I assume for the same reason that our export figures fell, in 1938 they dropped to $424,754,993. In other words, in 1938 our export figures dropped back almost to those of 1935, but our imports remained $110,000,000 higher than those of 1935. So to that extent

it appears to me that the benefits which were derived from the 1935 agreement were benefits to the United States rather than to Canada; and to the extent that this $110,000,000 represented commodities which Canada could and did produce, to that extent we made employment in Canada so much more difficult.

There is another consideration to which I wish to allude because it is another thing that makes it so difficult to measure the implications of this agreement. I refer to the spirit in which commercial interests in the United States will carry out the terms of this agreement. I do not wish to be misunderstood; I am casting no slur on the commercial integrity of another country, but I am drawing attention to the difficulty that our business men have encountered in the past in carrying out business transactions with that country. We know of so many cases of shipments, covering everything from silk dresses to tank loads of heavy chemicals, which have been sold and moved towards the border with the expectation that they would enter that country under a certain tariff item. They have been held up at the border; and when finally admitted, after incurring demurrage charges, after the business deal had been queered, the question was submitted to the tariff board of the United States and a ruling less favourable to Canada was delivered.

Two or three years ago a shipload of lumber left Vancouver for one of the Pacific coast ports. On arrival at that port the lumber cargo was refused. Eventually it was accepted under protest. Then that matter was carried through the courts in that country for two or three years, before the matter was finally adjusted. We had the famous instance only last fall of the regulation which was imposed, entailing the marking of every piece of lumber. Our lumber had been selling in the markets of the United States. It had come into competition with United States lumber. That competition was, to an extent, resented, and all sorts of methods were resorted to in order to make it more difficult for trade to be carried on in exporting from Canada under the terms of the 1935 agreement—to such an extent that eventually a regulation was passed making it necessary to mark every stick of lumber.

I know that regulation has now been removed under the terms of this agreement, through an arrangement whereby the agreement was arrived at. But the point I am making is, even if that particular method can no longer be adopted, can we really go ahead in the belief that the spirit of this agreement will be carried out in accordance with our understanding of the spirit of commercial dealings? It is these things that make it almost impossible for anyone to give a general opinion as to the effects of this agreement.

On all occasions when trade agreements come up for discussion we are faced with the charge that we do not wish to make trade agreements. On the other hand the view we hold, a view which was corroborated by the Prime Minister (Mr. Mackenzie King) the other day, is that the Liberal likes to make an agreement. And we are of the opinion that he likes making an agreement so much that he is ready to let it go through for a price which in our opinion Canada is not able to pay. We are perfectly ready and anxious to make agreements, but they must be agreements which by their terms commend themselves to us. The Liberal charges us with believing in economic nationalism. Well, if we believe in economic nationalism we have taken the most extraordinary way of showing it. I say that because in the case of the Ottawa agreements we succeeded in extending Canada's commerce, her buying and selling, far beyond the coasts of Canada, and we did increase trade with the countries of the commonwealth. The very making of those agreements resulted in the making of scores of trade agreements between the nations of the commonwealth and foreign countries. And there is no doubt whatsoever that the making of those agreements was a factor in inducing the United States to make trade agreements.

She of course had surrounded herself by a perfectly frightful tariff, a tariff passed by her congress, and one which could be altered only by congress. So long as that tariff stood, the United States could not make trade agreements. She never expected the Ottawa agreements to be the success they were, and she awoke with a shock to the fact that she was no longer able to enter the United Kingdom market and make use of it for the removal of her surplus. She desired to get back into the United Kingdom market. If anyone wishes to talk about economic nationalism, I would ask this question: Is there a country in the world which has been a greater exponent of economic nationalism than the United States, with her successive increases in tariff. Tariffs were raised so high that she had surrounded herself with a barrier over which even she could not trade.

So, after two attempts, the President of the United States received power to make trade agreements with other countries. He was permitted to cut by 50 per cent the items in the Hawley-Smoot tariff. There were

certain other restrictions, but that is the main one. He was empowered in 1934 to reduce that tariff. Immediately the statistical officers of Canada and the United States proceeded to delve into the figures and facts of trade, and to lay the foundation for the setting up of an agreement between the two countries. A draft of that agreement was ready in the summer of 1935. But when it became apparent to the late administration that the concessions the United States expected Canada to give were concessions which in our opinion Canada should not give, the late administration declined to make the treaty. Of course, after the victory of the Liberals in the fall of 1935, the agreement was signed, and since then we have been testing the results.

Still the Liberals use the argument against us that we do not wish to make agreements. But, Mr. Speaker, surely the difference between us is just this: The price Canada has to pay. That agreement was for three years. The period of three years has expired, and we now have a revision. It was put over with such paeans of praise that when its terms were announced the public read nothing but columns of eulogies in the press of the country. To such an extent did that obtain that the industries affected began to dig into the matter of the agreement to find out where the snag was that should need such a gas attack to put it over. And gradually industry has learned what this agreement means to them.

Just as it is not easy for me or any other individual member to take a general view of the whole picture and form an opinion, so there is an opportunity in the house for hon. members with particular knowledge of certain industries in certain parts of Canada to take part in the debate and to give us the benefit of their wisdom.

I happen to have a little knowledge with respect to two industries in southern British Columbia with which the people I represent are very closely connected, namely the production of fruit and the production of vegetables. In the treatment of tariff matters in connection with fruit and vegetables the Liberal has ever been unfriendly. For some reason or another, which I have never been able to understand, the Liberal government has it in wrong for fruits and vegetables. I consider that this agreement is the third serious blow the Liberal government has given those two industries in the last ten years, and I am at a loss to understand why they should have done it.

Continually Liberals boast of the fact that a Liberal Minister of Finance created the dumping clause. What good was that, when they never used it? In 1926, when for a short time we held office, we put the dumping clause to work; for the first time the Canadian producer had the benefit of the Canadian domestic market during the period of his production, and I defy any hon. member to point to the harm which resulted to the consumer. The Liberals carried on that method of protecting the industry for two years. Then, in 1928, they wiped out all the values for duty, and the flood started again. The reason they took this action on that occasion was that the free trade section of the Liberal party, this party which the Prime Minister told us the other day was a unit in its actions, became so noisy in the councils of the government that the government removed those values for duty, and the markets of our producers were again wide open to the glut from the United States.

I think it is quite evident that the Liberal government realized that they had gone too far; for when the 1930 budget was prepared, the present Minister of Finance (Mr. Dunning) introduced into it a new feature, for which some at least of the fruit and vegetable growers' associations had asked for a considerable time. There was the general tariff of 30 per cent on vegetables and 20 per cent on fruit, and, besides that, there was introduced item after item of minimum seasonal specific duties. The reason for that introduction was that towards the end of the production period in one of the states of the union, when it was extremely desirable to them to get rid of the surplus of their crop, looking across to Canada they saw there an excellent place to send it, unprotected as it was, and they were ready to dispose of it at prices which were next to nothing. It is obvious that 30 per cent of next to nothing is still nearer to nothing, and left alone it was no protection whatever. Hence this addition of minimum seasonal specific duties, below which the tariff could not drop. They were helpful as far as they went. But the Liberals would have nothing to do with the dumping clause.

When the Conservatives came into office again for five years, the values for duty were imposed, the seasonal tariff was maintained, and there was far better protection for the fruit and vegetable producers of all Canada than they had had before.

Then this government, that likes making treaties, made the 1935 one. They wiped out the seasonal duties and reduced the tariff to 15 per cent. True, they made use of the values for duty, although to a lesser extent, because they were dropped to 80 per cent of what they had been. I am quite ready to acknowledge the work of the Minister of National Revenue (Mr. Ilsley) in carrying out

that policy; I have heard him say that he does not approve it in principle but that no better way of accomplishing the desired end had yet been attained. It is not an easy piece of work to decide the dates at which those values for duty should go into operation or be taken off, because the areas in Canada where these commodities are grown are pretty widespread and vary in their seasons. That was blow number two.

Now we have blow number three. In blow number three we have had the values for duty reduced again. They have been removed altogether from certain commodities; the period has been reduced, and the three per cent excise is gone. On top of all that we have had one-third cut off the preferences in the United Kingdom market. How the Minister of National Revenue could go to the Annapolis valley and tell the apple growers there that in his opinion the reduction in the preferences would not hurt them, that in his opinion the revised agreement would help the fruit industry, and that the cut in the preference was arrived at as a reasonable arrangement between the British, the United States, and the Canadian fruit grower, passes my understanding, because Nova Scotia with her export of barrelled apples to the United Kingdom benefited greatly by that preference. Before 1932 she met in those United Kingdom markets very large quantities of United States apples, the surplus of the United States grower, and but a small fraction of it, which the United States producer was ready to dispose of at bargain prices. And after the arrangement was made for the preference, there was a steadying of that United Kingdom market of which we in British Columbia, selling boxed apples, also had the benefit. It was a matter of great surprise to us that in the years following 1932 the United States growers were able to send into the United Kingdom market such very considerable quantities of boxed apples. I am dealing now with the boxed apple trade only. Let me give the figures of those shipments:

Canadian and United States exports of boxed apples to United Kingdom

Year	Canada	United States
	boxes	boxes
1932-33	1,802,464	2,419,100
1933-34	2,007,146	2,183,000
1934-35	1,625,570	2,095,100
1935-36	2,181,395	2,401,600
1936-37	1,719,586	1,521,600

And I was surprised not to be able to get the figures for 1937-38.

But what did that mean? Our apples which are sold by the box are grown under exactly the same conditions as in the states to the south of us. We know their taxes; we know their irrigation rates; we know their orchard costs; and all of these are similar to ours. We know their freight rates and brokerage. Breaking down the four shillings and six pence per hundredweight, which was our benefit in the United Kingdom market, into terms of boxes of apples, it amounted to forty-four cents a box. It was patent to us that without assistance of some sort the United States producer could not possibly be shipping in those quantities to the United Kingdom and taking forty-four cents a box less than we got. It was a great puzzle for some time how this was being done. But gradually it leaked out that the grower of apples in the Pacific states had been receiving federal assistance. It is not in the form of one definite subsidy paid, but apparently it reaches him under two or three different schemes that we know as the alphabetical schemes in the United States. But there it is; he is getting subsidy help. They made no bones about it last fall when these treaties were being discussed. Their growers talked to our growers; their papers referred to the fact that it did not very much matter to them what the two countries did with regard to this preference, they yet had the subsidy. The subsidy is referred to in the trade papers and the ordinary papers in the Pacific coast states, and there is no doubt that they are receiving federal help, whereas of course we do not. The only way, therefore, that the United States producer can benefit from this alteration, this giving up on our part of one-third of the preference, is that he will still further enlarge the quantity of apples sent into that market.

Hon. members who were here in 1932 will remember the care with which it was explained in this house that these preferences had been arrived at after detailed careful discussion between the United Kingdom, Canada and the other dominions. In this particular matter the other dominions, Australia, New Zealand and South Africa, do not enter because their shipping season is different from ours. But here we are, three countries, the United Kingdom, Canada and the United States, all harvesting their apples at the same period of the year. Hitherto we have had the shelter of a preference, and by arrangements between Canada and the United Kingdom we have seen to it that various grades and sizes have been such as to conform with similar grades in the United Kingdom, so they have been quite favourably disposed towards the shipment of our apples

But now we are going to find in these auction markets a tendency for the United States grower to return once more to his dumping habits and to be ready to receive pittances for his surplus apples, which will set the price for us and for the United Kingdom.

It was commonly reported last year that the government, in approaching this matter, believed that only two constituencies in this country were affected, and it was stated—I do not know how true the gossip is—that they would be very sorry to lose the Minister of National Revenue.

Mr. LAPOINTE (Quebec East): Certainly would.

Mr. STIRLING: And one other riding affected was one in British Columbia that they scarcely expected to win. But I would remind them that it is a much more serious matter than that. There are thirty-five ridings in Canada in which apples are grown commercially, and if we are prevented from making use of the export benefits of the United Kingdom market, those apples which we cannot export will tend to back up on the Canadian domestic market, resulting in smaller prices: Every apple grower who sells commercially in Canada will feel the pinch; and if and when he feels the pinch, this government will also feel it.

I do not understand, as I said just now, why the Liberal government have again and again put this load on fruits and vegetables. There are other hon. members in a position to take up the story with regard to vegetables, and I shall have little to say about it; but it is a most important factor in southern British Columbia.

The Prime Minister tells us that the New Brunswick potato grower is pleased with the result of this agreement. My information is quite contrary to that, and I know that the potato producer and the potato industry in British Columbia are certainly not pleased with it; for whereas we let United States potatoes in free, there is no countervailing nature to that item. We have to pay; if we ever did succeed in shipping into the United States.

I would remind hon. members of this fact, which must always be borne in mind when we are dealing with these perishable products. Canada lies north of the United States. The United States from Texas up to Michigan is producing these successive waves of similar vegetables, and as they draw to the end of their season for whatever vegetable you are considering, they desire to get it off their domestic market so as to free that domestic market for the next vegetable coming along, and Canada is so handy as the dumping ground for these vegetables. It is therefore useless to point out to the fruit grower and the vegetable grower that the United States have made some small concession on certain varieties which we might be able to ship into the United States, because our northern country does not ship vegetables into a southern country.

The Prime Minister in his speech used these words in reference to this matter:

> United States fresh fruits and vegetables are made available on easier terms to Canadian consumers in those seasons when domestic products are not on the market—

I have often stated in this house that I am not interested in what the tariff is outside the period of our production. He goes on:

> —while the Canadian fruit and vegetable grower retains his domestic market in his own producing season.

I maintain that this is a totally inadequate statement after one has studied the terms of this agreement. I also maintain that during the years when tariff protection was given on fruits and vegetables, the consumer has not suffered because there has been ample competition within Canadian production to see to it that these perishable commodities should be sold, and not held for higher prices. But I would also remind the house that if the day comes when the Liberal government, continuing to deliver these blows at the fruit and vegetable industry, succeeds in either destroying this industry in Canada or so reducing it as to make it almost impotent, the consumer will suffer. Once you take away Canadian production and the Canadian domestic market, the result will be that the United States will no longer look upon Canada as a dumping ground but will have arrived at that vision which Mr. Taft saw in 1911 when he so greatly desired the market of the great Canadian northwest.

On motion of Mr. Ilsley the debate was adjourned.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.40 p.m.

Monday, February 20, 1939

The house met at three o'clock.

STANDING COMMITTEES

PUBLIC ACCOUNTS—CHANGE OF PERSONNEL

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

> That the name of Mr. Dupuis be substituted for that of Mr. Dussault on the standing committee on public accounts.

That the name of Mr. Bertrand (Laurier) be substituted for that of Mr. Blais on the standing committee on public accounts.

Motion agreed to.

BANK OF CANADA

REFERENCE OF ANNUAL REPORT AND STATEMENT OF ACCOUNTS TO BANKING AND COMMERCE COMMITTEE

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I desire to lay on the table the annual report to the Minister of Finance and the statements of accounts of the Bank of Canada for the year ended December 31, 1938. In order to give the opportunity, to which I referred previously, of officers of the bank appearing before a committee, I move:

That the annual report of the Bank of Canada be referred to the committee on banking and commerce.

Hon. C. H. CAHAN (St. Lawrence-St. George): I suppose the reference to the standing committee will not prevent allusions to or discussions of that report when we consider the budget?

Mr. DUNNING: I have not given consideration to the point raised by the hon. member, as to whether or not the reference of the report to a standing committee of the house might preclude a discussion of Bank of Canada affairs in the debate on the budget. I realize the point is an important one, I do not know what the rules are in that regard, but certainly it was not my intention to shut off discussion in the house by referring the report to a committee. The reference is solely for the purpose of enabling the House of Commons, through one of its important committees, to have before it the officers of the bank, so that information may be extracted in reference to all matters of governmental finance and the general economy of the country. I certainly would not like this reference to a committee to be taken as limiting discussion in the house.

Mr. CAHAN: I think all hon. members approve the motives of the Minister of Finance in making the reference, but I suggest there should be a clear understanding that, the reference being made, we shall not be precluded from discussing other financial issues arising to a certain extent out of the report which is being referred.

Mr. DUNNING: Right; that is understood.

Motion agreed to.

CRIMINAL CODE

PEACEFUL PICKETING BY MEMBERS OF LABOUR UNIONS NOT TO BE DEEMED UNLAWFUL

Mr. C. G. MacNEIL (Vancouver North) moved for leave to introduce Bill No. 26, to amend the criminal code.

Some hon. MEMBERS: Explain.

Mr. MacNEIL: Mr. Speaker, the purpose of this bill is to amend section 87 of the criminal code so as to provide that an assembly of members of labour unions doing peaceful picketing shall not be deemed an unlawful assembly, as defined in the section. It provides also for an amendment to section 501 of the criminal code, to make the subsection dealing with peaceful picketing clearer and more comprehensive.

Motion agreed to and bill read the first time.

LOAN COMPANIES ACT

AMENDMENT RESPECTING PENSION AND INSURANCE FUNDS FOR EMPLOYEES

Hon. CHARLES A. DUNNING (Minister of Finance) moved for leave to introduce Bill No. 27, to amend the Loan Companies Act.

Some hon. MEMBERS: Explain.

Mr. DUNNING: This is a minor amendment affecting the powers of companies created under the act to institute pension funds for their employees.

Motion agreed to and bill read the first time.

TRUST COMPANIES ACT

AMENDMENT RESPECTING PENSION AND INSURANCE FUNDS FOR EMPLOYEES

Hon. CHARLES A. DUNNING (Minister of Finance) moved for leave to introduce Bill No. 28, to amend the Trust Companies Act.

Some hon. MEMBERS: Explain.

Mr. DUNNING: The explanation in connection with this bill is identical with that given for the previous one. In order to avoid the confusion which is illustrated by questions

which have been directed to me by hon. members, perhaps I should mention that the Loan Companies Act to which amendment is proposed by the previous bill has nothing to do with small loan legislation. That is a different thing entirely.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

RESIGNATION OF JAMES Y. MURDOCH FROM BOARD OF DIRECTORS

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): I should like to direct a question to the Minister of Transport (Mr. Howe). Is it true, as has been reported in a number of newspapers, that James Y. Murdoch has resigned from the directorate of the Canadian National Railways, and, if so, what are the reasons given for his resignation?

Hon. C. D. HOWE (Minister of Transport): Mr. Murdoch's resignation was handed in a few days ago. The reason given was his failure to agree with his fellow directors on a matter of internal management. I shall be glad to table at the next sitting the correspondence which was exchanged.

CANADIAN WHEAT BOARD

OPERATIONS AND SELLING POLICY—TABLING OF WEEKLY REPORTS

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I desire to direct a question to the Minister of Trade and Commerce (Mr. Euler). In view of the very important statement made on Thursday last by the Minister of Agriculture (Mr. Gardiner), in which he said that the Canadian wheat board had a loss of $48,000,000, would the minister make a statement to this house in the near future with respect to the board's operations and their selling policy? Will the minister table as early as possible the weekly reports as required by section 8, subsection (e) of the Canadian Wheat Board Act from August 1, 1938, to February 17, 1939, and all subsequent reports as they come forward? Would the minister also table the final report of the Canadian wheat board on the holdings acquired—

Mr. SPEAKER: Order. Questions such as these should be put on the order paper, and an opportunity given to the government to answer.

[Mr. Dunning.]

Mr. PERLEY: I am just asking the minister if he will table these reports, to which we are entitled.

Hon. W. D. EULER (Minister of Trade and Commerce): I am afraid I am not equal to the task of remembering all the questions asked, so as to make a categorical reply to my hon. friend. In fact I am under the impression that some of the questions he has asked are contained in his notice of motion, which will come up in a few minutes. However, I shall take note of what appears on *Hansard* and endeavour to meet his wishes so far as may be possible and advisable.

Mr. PERLEY: If I may just conclude the last part of my question; I was asking the minister to table the final report of the operations of the wheat board and the disposition of the wheat taken over from Cooperative Wheat Producers Limited.

Mr. EULER: That is already in the hon. member's notice of motion, and I shall answer it in a moment.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, in order that the record may be correct. The hon. member in his question intimates that I stated that the loss would be $48,000,000. My statement was that if the amount of wheat handled up to date was to be taken into consideration, and an estimate made of the amount of money which will go to the farmers on a basis of 20 cents per bushel, then the total which goes to the farmers will amount to $48,000,000. But as to what the loss will be, that will be impossible to declare until the wheat has all been dealt with.

ROYAL CANADIAN MOUNTED POLICE

REPORTED ESTABLISHMENT OF ANTI-SABOTAGE ORGANIZATION IN ONTARIO

On the orders of the day.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, this morning the Canadian press carried a rather curious news item, about which I should like to ask the Minister of Justice (Mr. Lapointe). Apparently this item emanates from the attorney general of Ontario. The article reads in part:

> Establishment in Ontario of a powerful, mobile anti-sabotage organization, to be built from the provincial and municipal police, cooperating with the royal Canadian mounted, and equipped for immediate operation in the event of war or some other dire emergency is now well under way.

The gentleman who is said to be in charge of this organization is "reporting not only to his immediate superior, Attorney General Conant, but indirectly to a secret committee which has been formed at Ottawa under the Department of National Defence." I should like to ask three questions: (a) Is the Royal Canadian Mounted Police under the direction of the Department of National Defence? (b) What is this secret committee which is under the Department of National Defence? (c) Under what authority is this powerful, mobile anti-sabotage organization operating?

Right Hon. ERNEST LAPOINTE (Minister of Justice): Like my colleague the Minister of Trade and Commerce (Mr. Euler), I am afraid my memory is not good enough to enable me to remember all the points contained in my hon. friend's query. All I can say is that the mounted police are still under the control of the Minister of Justice. As far as the rest of his question is concerned, the only thing I can make public is that there is the fullest cooperation, and I am glad of it, between the Royal Canadian Mounted Police and the provincial forces in all the provinces of Canada, to maintain order in any case of emergency. All precautions are and will be taken for that purpose. I hope it will never be necessary to use the measures of precaution which have been taken, but I think it is a good thing to take these precautions.

Mr. WOODSWORTH: May I ask the minister what is this secret committee which is said to be operating under the Department of National Defence and to which the Royal Canadian Mounted Police report?

Mr. LAPOINTE (Quebec East): There does not seem to be much secrecy about the committee if my hon friend knows about it. I repeat that there is cooperation between the departments of the government for the maintenance of order.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PRAIRIE FARM REHABILITATION ACT—BARTMAN DAM

Mr. QUELCH:

1. What was the total cost of the Bartman dam, built under the Prairie Farm Rehabilitation Act?

2. What was the percentage of local labour used in the construction of this dam in 1937 and 1938 respectively?

Mr. GARDINER:

1. $34,503.58.

2. 1937—Seventy-five per cent; 1938—Seventy-five per cent.

*SASKATCHEWAN OATS DEAL

Mr. PERLEY:

Did the federal government pay all or any portion of the loss sustained in the Saskatchewan oats deal which was investigated by Mr. Justice Turgeon?

Mr. EULER: No.

ONTARIO FARM SETTLEMENT SCHEME

Mr. GRAYDON:

1. Is the government aware that the Minister of Public Welfare and Municipal Affairs of Ontario has announced a new farm settlement scheme to rehabilitate families on relief?

2. If so, what share of the cost of such plan will be borne by: (a) the dominion; (b) the province; (c) the municipalities?

3. What is the nature and extent of the scheme proposed?

Mr. ROGERS: Order in council P.C. 306, dated February 9, 1939, authorizes that the Minister of Labour on behalf of the dominion enter into an agreement with the province of Ontario in respect to the rehabilitation upon farms within the said province of certain unemployed persons for the period of January 1, 1939, to March 31, 1939, inclusive. The order in council referred to and the draft agreement authorized thereby were tabled in the House of Commons on February 15, 1939.

MIGRATION OF CANADIANS TO UNITED STATES

Mr. HYNDMAN:

What was the average number of Canadians who migrated to the United States during the years from 1921 to 1930, and what number so migrated each year during the years 1931 to 1938?

Mr. CRERAR: There are no records kept in the immigration branch that would give the information desired by the hon. member, so that the question cannot be answered.

VEGETABLE OIL IMPORTS

Mr. HYNDMAN:

1. How much crude vegetable oil was imported into Canada during the years 1936, 1937, and 1938?

2. How much oil for domestic consumption was imported into Canada during the same years?

Mr. EULER:

1. and 2. Imports for Consumption

		Calendar Years		
		1936	1937	1938
Oils, vegetable, for food—				
Cocoanut oil, n.o.p., edible	Gal.	43,244	31,578	33,212
Cotton seed oil, refined, edible, for canning fish	Gal.	153,594	154,979	128,500
Cotton seed oil, n.o.p., edible	Gal.	33,563	12,787	10,869
Olive oil, n.o.p., edible	Gal.	238,985	253,549	346,099
Peanut oil, n.o.p., edible	Gal.	46,786	55,591	66,778
Soya bean oil, n.o.p., edible	Gal.	103,075	54,382	96,877
Oils, vegetable, not food—				
Castor oil	Gal.	229,169	251,778	213,852
Chinawood oil	Cwt.	54,785	73,888	43,682
Cocoanut oil, not edible, for manufacture of soap	Gal.	2,376,758	3,516,094	2,388,047
Cocoanut oil, not edible, for manufacture of refined cocoanut oil	Gal.	1,292,026	1,499,586	1,438,163
Cotton seed and crude cotton seed oil for the manufacture of refined cotton seed oil and meal	Cwt.	190,702	190,167	140,419
Essential oil, n.o.p., including bay oil and otto of limes	Lb.	647,113	650,985	601,614
Eucalyptus oil	Lb.	25,168	20,190	17,621
Flaxseed or linseed oil, raw or boiled	Cwt.	29,203	42,482	13,753
Foots, being the refuse of the cotton seed or olives after the oil has been pressed out	Cwt.	30,172	45,443	37,745
Olive oil for manufacturing soap or tobacco or for canning fish or for use in the processing of textile fibres, including the finishing of fabrics	Gal.	140,391	60,470	54,764
Oiticica oil	Lb.	....	28,766	....
Palm and palm kernel oil, unbleached or bleached, not edible and shea butter; palm and palm kernel, not edible, for the manufacture of soap	Cwt.	486,456	652,197	703,601
Peanut oil, crude, for refining for edible purposes	Cwt.	600,109	668,739	935,133
Peanut oil for the manufacture of soap or for canning fish	Gal.	478,353	1,170,589	941,278
Peppermint oil	Lb.	39,821	31,075	37,511
Perilla oil, when for use in Canadian manufactures	Lb.	1,578,933	5,208,564	5,685,104
Rape seed oil, crude or refined	Gal.	30,416	89,908	72,735
Rape seed oil, blown, for manufacturing purposes	Gal.	17,895	91	....
Rosin oil	Gal.	84,778	167,222	89,268
Sesame seed oil	Gal.	34,845	938	2,916
Soya bean oil for manufacturing soap	Gal.	107,020	264,169	71,972
Vegetable oil, n.o.p., not edible	Gal.	223,027	233,785	203,290

OTTAWA PUBLIC BUILDINGS—STEEL INSPECTION IN COURSE OF CONSTRUCTION

Mr. HYNDMAN:

1. Was any company appointed in connection with steel inspection of fabrication and erection of the new post office building and the new supreme court building?

2. If so, what company or companies were awarded such contract?

3. What are the business addresses of such company or companies?

4. What are the home addresses of the inspectors who performed such inspection work?

Mr. CARDIN: The inspection of fabrication and erection of steel in the construction of the new post office and new supreme court building is under the control of the architects engaged for the preparation of plans and supervision of these works.

[Mr. Hyndman.]

PORT CREDIT, ONT.,—HARBOUR FACILITIES

Mr. GRAYDON:

1. What work, if any, was done by way of improving harbour facilities at Port Credit, Ontario, during the year 1938?

2. What was the total cost of said work?

3. Will the government consider doing further harbour improvement work at Port Credit during the year 1939?

Mr. CARDIN:

1. None.

2. Answered by No. 1.

3. Matter will have consideration.

Mr. GRAYDON:

1. Did the conical buoy situated near the entrance to the harbour at Port Credit, Ontario, suffer any damage during the year 1938?

2. If so, what damage was sustained?

3. Has the said buoy been repaired, and, if so, what has been the cost of such repairs?

4. If the said buoy has not been repaired, when will such repairs be completed?

Mr. HOWE:

1. Broke from its moorings and was washed ashore.

2, 3, and 4: Damage, if any, not yet determined awaiting examination of the buoy on the opening of navigation 1939, when, if warranted, any repairs necessary will be made.

WOMEN IN CANADIAN INDUSTRY

Mr. HYNDMAN:

1. How many women were employed in industry in Canada during the years 1929, 1935 and 1938?

2. What percentage would this number of women be of the total number of persons employed in industry?

Mr. EULER:

1. Number of women employed in the manufacturing industries of Canada:

	No.
1929	144,032
1935	126,661
1936	132,973

2. Percentage of female employees to total employees in the manufacturing industries of Canada:

	p.c.
1929	21·6
1935	22·8
1936	22·4

Note.—Figures for 1937 will not be available for a few weeks yet.

BREN GUN CONTRACT INQUIRY

Mr. HOMUTH:

1. On what date did the Prime Minister receive the report of Mr. Justice Davis on the Bren gun enquiry?

2. On what date was that report sent to the king's printer for printing?

Mr. MACKENZIE KING:

1. December 30, 1938.

2. January 6, 1939.

QUEBEC CITY MAIL COLLECTION

Mr. HEON:

1. What is the name of the person or firm who holds the contract for the collection of mail in Quebec city?

2. What is the amount of the contract?

3. What is the date of such contract?

4. What person or persons held the contract previous to the present contractor?

5. Did the previous contractor fulfill his contract? If not, why?

Mr. McLARTY:

1. Alphonse Drolet.

2. $10,213.57 per annum.

3. From September 1, 1937, to August 31, 1941.

4. U. Ste. Marie.

5. No—His contract was cancelled on account of unsatisfactory service.

INSURANCE PREMIUMS

Mr. FLEMING:

Has the government any knowledge, through the Department of Finance, that the insurance companies doing business in Canada have raised, or are contemplating raising, the premiums on new insurance?

Mr. DUNNING: In connection with this question one would require a better definition in regard to the type of insurance dealt with. There are very many types of insurance. Perhaps my hon. friend would allow the question to stand with a view to redrafting it.

Question stands.

TRAVEL BUREAU SERVICE—BRITISH COLUMBIA

Mr. BARBER:

1. What amount of vote to Canadian travel bureau service has been expended in British Columbia during the years 1938 and 1939?

2. Has any contribution been made during the same periods in the nature of grant, or travelling or other expenses, to any tourist organization, hotel or person in British Columbia?

3. If so, to whom, and what amounts?

Mr. HOWE:

1. The appropriation of the Canadian Travel Bureau is not expended in or upon any particular province, but is devoted to an extensive program of newspaper and magazine advertising designed to place the scenic and other tourist attractions of the dominion before the public of other countries, especially the people of the United States and Great Britain, also to make the people of the various Canadian provinces better acquainted with the vacation possibilities of sister provinces. In this advertising and publicity the province of British Columbia receives due prominence and the Canadian Travel Bureau works in close co-operation with provincial and local travel bureaus.

2. No.

3. Answered by No. 2.

DOMINION GOVERNMENT EMPLOYEES, PERMANENT AND TEMPORARY

Mr. MacINNIS:

1. What was the total number of persons in the employ of the dominion government as at 31st March, 1938: (a) permanent; (b) temporary?

2. How many of such (1) permanent, and (2) temporary employees are receiving: (a) less than $500 per year; (b) $500 but less than $1,000; (c) $1,000 but less than $1,500; (d) $1,500 but less than $2,000; (e) $2,000 but less than $3,000; (f) $3,000 but less than $4,000; (g) $4,000 but less than $5,000; (h) $5,000 but less than $6,000; (i) $6,000 but less than $7,000; (j) $7,000 but less than $9,000; (k) $9,000 but less than $12,000; (l) $12,000 but less than $15,000; (m) $15,000 and over?

3. How many of these persons are employed for only part of the year?

Mr. MacINNIS: It has been drawn to my attention that to answer the question as it appears on the order paper would involve a great deal of work in compiling information in which I am not particularly interested. I should like the question withdrawn or dropped in order that I may redraft it.

QUESTIONS PASSED AS ORDERS FOR RETURNS

STATIONARY ENGINEERS AND FIREMEN

Mr. HYNDMAN:

1. What are the hours worked by stationary engineers and firemen engaged in connection with the heating of buildings under: (a) Department of Agriculture; (b) fuel research laboratories; (c) Justice department, including penitentiaries, etc.; (d) Mines and Resources department; (e) the royal mint; (f) National Defence department; (g) Pensions and National Health department; (h) Post Office Department, including all buildings under its supervision; (i) Public Printing and Stationery department; (j) Royal Canadian Mounted Police; (k) the Department of Transport; (l) the Bank of Canada; (m) government house; (n) other government buildings where heating is done under the control or supervision of engineers and firemen?

2. What wages are paid such men, and is the scale graded according to horse-power or size of plant or according to the class of certificate of engineers or firemen?

3. Is there a zoning as to hours or rate of pay? If so, in what districts?

4. Is there a fair wage scale set for this class of employee? If so, what are the details?

5. What is the civil service commission rate, grading and hours for such employees?

6. Is order in council P.C. 670 observed in each case with regard to such civil servants?

7. Is order in council P.C. 1537 being observed in regard to Sunday observance or a day off during the week for such employees?

IMPORTS OF COAL

Mr. BROOKS:

1. How many tons of bituminous coal were imported into Canada in each of the following years, 1936, 1937 and 1938?

2. What was the cost of such coal?

3. How many tons of anthracite coal were imported into Canada in the following years, 1936, 1937 and 1938?

4. What was the value of such coal?

[Mr. MacInnis.]

5. How many tons of coal were purchased by the Canadian government for the same years: (a) bituminous; (b) anthracite?

6. How many tons of coal were purchased by the Canadian National Railways during the years 1936, 1937 and 1938?

7. Of the quantity so purchased, how much was imported from the United States or outside the dominion?

FEDERAL GRANTS IN AID

Mr. BROOKS:

1. What was the total amount of money voted as grants in aid by the government in 1936, 1937 and 1938?

2. What was the amount paid to each of the provinces during the same years?

INVESTIGATIONS IN ALBERTA UNDER THE INQUIRIES ACT

Mr. MARSHALL:

1. What inquiries were held under the Inquiries Act (R.S.C. 1927, chap. 99) in the years 1935, 1936, 1937 and 1938, in the province of Alberta?

2. What were the names of the commissioners appointed by the governor in council to hold such inquiries, their places of residence, and occupations?

3. What salaries were paid to each of these commissioners?

TRANS-CANADA HIGHWAY

Mr. HEON:

How much money has the dominion government paid to each of the provinces in connection with the Trans-Canada highway project, since 1930?

CANADIAN EXPEDITIONARY FORCE—COST OF GREAT WAR

Mr. HEON:

1. What was the total number of enlistments in the Canadian expeditionary forces during the years 1914 to 1918 inclusively?

2. How many Canadians died on the field of honour?

3. How many died from injuries?

4. How many were wounded?

5. How many veterans of the great war are paid a pension by the government?

6. What is the total amount paid in pensions to veterans from the end of the war to date?

7. What is the total cost to date, capital and interest, of Canada's participation in the great war, including pensions?

PUBLIC AND RAILWAY INDEBTEDNESS

Mr. HEAPS:

1. What was the debt of the Dominion of Canada in 1914?

2. What was the debt of the Dominion of Canada in 1920, and in each year to 1938?

3. What were the annual interest charges in the same years?

4. What percentage of the debt of Canada is held in the dominion and abroad?

5. What was the debt of the Canadian National Railways: (a) in 1923; (b) in 1938?

6. What were the interest charges for these same years?
7. What percentage of this debt is held in Canada and abroad?

MOTIONS FOR PAPERS

CANADIAN WHEAT BOARD—1935-1936 WHEAT CROP

Mr. PERLEY:

For a return showing,—(a) complete details of that portion of the 1935-36 wheat crop disposed of by the Canadian wheat board between July 31, 1936 and July 31, 1938; (b) complete details of the disposal by the Canadian wheat board of wheat acquired from the Canadian Cooperative Wheat Producers, Limited, from July 31, 1936, to July 31, 1938.

Mr. EULER: There is no disposition on the part of the government to withhold any information with regard to the operations of the wheat board concerning any year in which the transactions are completed. That is the situation in regard to the years mentioned in this motion. I would merely say, however, that when the hon. member asks for complete details this might be construed to involve a tremendous amount of work, which probably my hon. friend does not intend. I think all the information he wants is contained in the annual statements of the board, which will be submitted to him.

Mr. PERLEY: I think the last report we had was on January 6, 1938, and I just wanted a final report similar to that one.

Mr. EULER: I want to assure my hon. friend that any report available now dealing with those years will be gladly supplied.

CANADIAN WHEAT BOARD—1938-39 WHEAT CROP

Mr. PERLEY:

For a return showing,—(a) the amount of wheat acquired by the Canadian Wheat Board during the months of August, September, October, November and December, 1938; (b) the amount of wheat disposed of by the board during the same period; (c) the amount of wheat held by the board in terminal elevators at Fort William, Port Arthur and eastern terminals, as well as in interior terminals, mills, and elevators, private and public; (d) the rate of storage paid on grain held by the board in such storage.

Mr. EULER: As I intimated a moment ago, we are quite ready to give all the information available with regard to completed business in any one year, having to do with purchases and sales of wheat, but this motion deals with the current crop year, in connection with which the sales have not been completed. In the past it has not been the practice of the government to give that information, because the wheat board believes, and the government agrees, that it is not in the public interest to disclose this information during the crop year.

Mr. PERLEY: Then will the minister table the weekly reports that are required under the wheat board act? That has been done in the past; we got them last year.

Mr. EULER: It has not been the practice to make public the weekly reports as submitted by the auditors, and it is not regarded as desirable in the interests of the wheat board and of the country.

FORT OSBORNE BARRACKS—FIREMEN

Mr. MAYBANK:

For a copy of any report made by the deputy minister of Defence to the Minister of Defence on or about the 2nd day of February, 1939, with reference to the employment of civilian firemen and hours of labour of same at Fort Osborne barracks.

VOTES 13 AND 219, 1937-38

Mr. MacNEIL:

For a copy of all orders in council, correspondence, telegrams, reports and other documents relating to the query of the auditor general, respecting votes 13 and 219 for 1937-38, and as referred to on page 307, volume 1, in the report of the auditor general, for the year ending March 31, 1938.

UNEMPLOYMENT INSURANCE

DECLARATION OF NEED FOR INSTITUTION OF A NATIONAL CONTRIBUTORY SYSTEM

Mr. A. W. NEILL (Comox-Alberni) moved:

That in the opinion of this house, a national system of contributory unemployment insurance for Canada is a pressing need at the present time and should receive immediate attention.

He said: I have framed this resolution in the words in which it appears on the order paper, for three reasons. First, I wanted to make it in order under the rule which forbids private members committing the government to large expenditures of public money. Second, I wanted to confine it to the general principle of unemployment insurance, with which I think we all agree, and not to have interest diverted from it to the details of any particular scheme which I might advocate and upon which I knew we could not all agree. Third, I wanted to confine the debate strictly to the question of unemployment insurance. I read in the press a statement that it was the intention of an hon. member opposite to bring before the house on this resolution certain data he has collected in connection with the policy of life insurance companies in Canada —which has nothing to do with the subject matter of this resolution. I am advised also by one of my hon. friends of the Social

Credit group that he has the idea of expounding the theories of social credit on this resolution, upon the principle that if social credit was in force unemployment would be non-existent and unemployment insurance would therefore be unnecessary. But I submit, sir, and if necessary I will invoke your authority, that the debate should be kept within the limits of what is here stated, and that is unemployment insurance. However desirable and interesting a debate on the other two subjects might be at an appropriate time, this is not the time.

Mr. DUNNING: I hope the hon. gentleman has better luck in that regard than I usually have.

Mr. NEILL: I am trusting to the authority of Mr. Speaker and the good sense of the house. This is the only day that this resolution can be brought up; it is an important matter, and a number of hon. members want to speak on it.

Little time need be spent in demonstrating the need for unemployment insurance. Nearly all the important countries of Europe have such a scheme. Britain has had it since 1911. New Zealand, Australia and South Africa have it; and I shall presently refer to the enormous progress in connection with this matter which has been made of recent months in the United States. In Canada it has a long history. I have not gone back beyond 1919, when a committee sat and recommended it favourably but rather vaguely. A committee sat again in 1928, ten years later, and again in 1929, and again they endorsed it, but they pointed out the fact that it was a matter of provincial jurisdiction. Between 1928 and 1934 I brought the matter up six times in the house. The hon. member for Winnipeg North (Mr. Heaps) has also brought it up from time to time.

In 1935 the Right Hon. R. B. Bennett introduced a dominion-wide scheme, which passed the house but was thrown out, on reference to the Supreme Court of Canada, as being *ultra vires,* but we know that there was a division of four judges against two, and in the minority was to be found Chief Justice Duff, who is reckoned to be one of the ablest constitutional lawyers in Canada.

This measure was strongly endorsed by the government in the speech from the throne, not this year but last year. They expressed their determination to try to get the provinces to agree upon an amendment of the British North America Act, and they hoped it might be possible to bring down legislation last session. The correspondence between the dominion government and the provinces shows that a very genuine attempt was made to secure that cooperation, but that three provinces refused to extend it; and the government appeared to stop there, apparently hoping that they might induce the provinces to give way.

Since last session a good deal of encouragement has been given to the idea. The Conservative party in their convention endorsed it; I think the Cooperative Commonwealth Federation party did the same, and we know that support is not lacking for it in the Social Credit group. The only discordant note that I have heard comes from the Canadian Manufacturers Association, an attitude which is proverbial on their part; they are noted for taking a narrow view of any matter which comes before them and for being unable to see what is really ultimately for the benefit of their members. Associated with them are a few scattered reactionaries throughout Canada who believe that labour is an enemy of capital, and vice versa, and that any improvement obtained by labour comes from the pocket of the employer. This theory was exploded many years ago, but it is still lovingly held by a few people—reactionaries, I call them—who would like to live in the traditions and customs of the early part of the last century.

To these reactionaries I would address myself, and ask them this question: Let them look at the alternative schemes and see how they would like them. Take the Townsend scheme, which proposed a pension to everyone, rich or poor, at the age of sixty, of $200 per month. It has been calculated by experts, taking the United States as a good illustration, that that would involve the payment of half the national income to eight per cent of the population. Just think of that! The prices of ordinary articles of consumption would have to be raised at least seventy-five per cent. The low wage worker would have his income cut from one-third to three-sevenths. Yet that scheme got a large vote in the United States.

Or let them take, if they prefer it, the Lundeen scheme which was put forward in the congress of the United States by people who frankly called themselves communists, although they went further than the scheme put forward in Russia. In these people's plan there would be no contributory payment, no cessation of drawing the allowance. Anyone would be allowed to come under it—farmers, domestic servants, and self-employed people such as lawyers and doctors and others who work for themselves. How they would arrive at a determination of when they were unemployed is not stated. More than that, the compensation to be paid would come to more

than the average small earner earns, so that it would form a premium on losing a job and not a premium on getting one. More than that, the funds were to be administered not by the government of the day but by a committee closely resembling the soviet committees of which we used to hear when Russia first started on sovietism and of which we hear very little now. That scheme needs only to be stated as I have done to appreciate the foolishness of it, and yet it got fifty votes in the congress at Washington a year or two ago.

Or they could try the Sheridan Downey plan. I do not know whether he originated it, but certainly he ran on it in California last summer. The proposal was to give $30 every Thursday to everyone after the age of fifty. It was an initiated scheme, propounded by the initiative, but it was defeated, although Downey, who put it forward, was elected by a large majority as senator, and a man named Olson was elected as governor on that ticket.

I mention these schemes for this reason. I ask the house to look at them; I ask people who do not approve of unemployment insurance to consider the vote which these schemes got, and the extent to which, although they were utterly wild and impossible to enforce, they would result in the economic ruin of the people, and be not less injurious to those in whose name and for whose benefit they were put forward, bringing the whole economic structure down about our heads. Do they prefer one of those wild-eyed schemes to a moderate, actuarially sound scheme of unemployment insurance? What if the people, discontented with the feeling that no party is going to do anything for them, should suddenly take it into their heads to vote for one of these inchoate schemes which would get us nowhere?

We have pictured a nation-wide need which requires a nation-wide remedy. In Canada apparently all parties in the house believe in the principle of unemployment insurance. If that is so, why not get together and pass it now and make it unanimous? I know that we shall immediately be confronted with the bugbear of provincial autonomy. Well, in my humble opinion there is a good deal too much attention paid to the claims of the provinces to be self-governing bodies. I think it largely arises from an exaggerated idea of their own importance held by certain local politicians, and was never intended by the British North America Act.

Only two ways appear to present themselves, ordinarily speaking, of meeting the situation. One is to try to persuade the three provinces to join with the rest of us in a petition to the parliament of the United Kingdom to amend the British North America Act. In view of the Quebec speech from the throne the other day, and other utterances, that way out is apparently beyond hope; at least there is very little to be hoped for. The other way would be to go ahead without the consent of these provinces and pass a resolution in this house by a majority vote asking the British government to change the British North America Act. There is precedent for that, because it has been done before. I know of one occasion on which similar action was taken against the violently expressed objections of one of the provinces. But I submit that there is a third way that might present a reasonable solution of the matter without asking the provinces to do something that we know they will not do, and without trying to force them to do something which we know we cannot make them do.

In the United States the same relation obtains between the federal government and the states as obtains in Canada between the dominion government and the provinces. In both cases the federal authority are unable to pass constitutional unemployment insurance legislation and they are equally unable to force the states or the provinces, as the case may be, to do so either. I suggest that we follow the clever manner in which the Washington government got around the difficulty and, by introducing perfectly legal legislation, brought about, without compulsion, state legislation on unemployment insurance. I referred to this matter in 1934. It was brought up in Washington at that time by a man named Wagner as a private member, but since then the government has taken it up. In January, 1935, the government of the United States introduced what is known as the Social Security Act, a copy of which can be obtained in our library. That act covered many phases of social security such as old age, maternity cases, children, unemployment insurance and so on. Each was dealt with in a separate chapter, but I propose to deal only with the unemployment insurance phase.

There were three objections fatal to the federal legislation, and equally so as regards the dominion. One was that the federal authority could not pass unemployment insurance; the second was that they could not compel the states to do so; and the third, which was the most important one, was that if two or three states did pass such legislation, the cost, which would undoubtedly come out of the payroll in whole or part, would have to be added to the cost of the manufactured article, and those states that followed that course would be handicapped in

selling their goods or produce as against other states who had not seen fit to adopt such a policy.

The Social Security Act met all these difficulties. It did not pass unemployment insurance by itself; it did not compel the states to do anything; but it did protect those states that would pass such legislation, and—it produced unemployment insurance. All it did was to produce a desire on the part of the states to pass such legislation, but there was no compulsion, as we shall see. The preamble of the act declared that it was proposed to legislate for the general welfare by doing such and so, and to help the administration—only the administration—of their unemployment compensation laws of the various states. The word "compensation" was used instead of insurance. Nothing is said about unemployment insurance, but merely that they are willing to help to pay the administration costs of unemployment insurance where it exists. Of course, it is obvious that you could not pay the administration costs in those places where they did not have an act of that kind.

Section 303 of the act lays down a few simple conditions that hardly require anything at all except that the state shall have such a scheme, and shall pay money to unemployed people. That is really all. Subsection 4 of section 303 provides that all funds collected by the state under any state scheme shall be paid into a central fund held by the federal authorities, and each state can take out of the fund whenever it likes everything it has put into it, and no more, provided the money is used for the payment of unemployment insurance. But they do not pay for the administration cost because the federal authorities pay that. In other words, the state starts a system of insurance, practically in any form it likes, and collects the cost in the shape of taxes, then pays them into the central fund and draws it all out to pay insurance but not the management, the federal authority paying all costs of administration. The states know, therefore, that if they start such a scheme the federal authorities will pay the costs of administration but there is no compulsion and therefore no interference with jurisdiction.

The matter has been tested and found absolutely legal. It might be held that the cost of administration, although very considerable, did not represent a sufficient inducement to the states to introduce unemployment insurance. Well, there is another section of the act to which I will refer. It is not compulsory. They so arrange it that the legislatures of the states feel impelled, not compelled, to adopt such legislation. Section 901 of the act imposed an excise tax—that is the word used—on all employers of labour throughout the whole of the United States, employing more than eight persons. It began with one per cent, but it is now three per cent of the payroll. That is paid over to the federal authorities. It is not earmarked in any way to be used for any particular purpose but is simply paid into the national revenue just as if we paid similar sums into the consolidated revenue fund. It is an absolutely legal excise tax imposed for a national purpose, but that purpose is nowhere indicated; unemployment insurance is not mentioned from beginning to end.

But—and here is the crux of the whole situation—section 902 provides that anyone paying this sum, which of course he has to pay, can deduct ninety per cent of it if a similar sum has been paid under the terms of a state unemployment insurance scheme. Suppose a company had a payroll of $50,000 a year. That company would have to pay $1,500 to the federal authorities, and they would have to pay that amount in any event, and they would get no obvious return for it. But if there was a local state scheme, any sum which the company paid towards that state scheme could be deducted from the contribution paid to the federal authorities. The situation then is this: Business men, who are the biggest taxpayers as a rule, say to themselves, to their friends, and to the legislators, "We have to pay three per cent on our payroll of $50,000, and we shall never see it again. But if we had a state unemployment insurance scheme the money would be all spent in the state. It would save our relief bills, make labour more satisfied and reduce the labour turnover. The alternatives are to pay it all to Washington or to have it spent within the state." And so they bring pressure to bear on their legislators to get a state law passed. I maintain that the same thing would happen in the provinces of Canada.

The outstanding objection I have mentioned, that two or three states who did adopt the scheme would be handicapped in the sale of their products, inasmuch as they would have to pay this money directly or indirectly, whereas other states would not, has been met and done away with. For the man has to pay three per cent in any case, and if he has a state unemployment insurance scheme to contribute to the money is devoted to that purpose. In any event he is bound to pay $1,500, in the case I have given by way of illustration, and if it does not go to support a state scheme it all goes to Washington. The only choice he has is this: Will he pay it all to Washington and get no immediate, visible benefit from it, or will he pay it into the

state scheme and get the benefits I have mentioned—reduced relief bills, greater labour satisfaction and so on? That is the situation in a nutshell, and that is the whole case I advocate to-day.

The federal authorities in Washington give a wide latitude to the states in their acts. They are practically free to draw up any kind of act they like provided it is of that character. They can raise money as they like; it need not be three per cent on their payroll. They can make employees contribute if they think fit, or they can pay part out of general taxation. It is practically left to every state to do exactly as it likes. And it is noteworthy that while this bill was introduced by the Democrats in Washington it was supported by the Republicans and passed unanimously.

We have before us, then, this entirely voluntary system, newly introduced and until then untried. Let us look at the results. That bill was passed finally in August, 1935. By the middle of 1937 every state and territory in the United States of America had passed an unemployment insurance law. They did not have to, there was no compulsion; and it is noteworthy, almost miraculous, that every last one passed such a law within that period. Some 21,000,000 people were covered. That is an achievement to be proud of, bringing the benefits of unemployment insurance to 21,000,000 people. More than that, all but two of those states are now paying the unemployment insurance benefit, although there was generally a two year interval; but now they are all paying except two states, I think, Illinois and Montana, which will be paying by July of this year. While each state had an absolutely free hand it is remarkable to see how comparatively similar was the legislation they passed. The cost has been calculated at an average of about 2·7 per cent of the payroll; in five or six states it runs to a little more, and in six states the employees have to contribute as well. That is entirely optional. None of the states pay anything towards it from general taxation; either the employer pays or the employer and employee jointly. In every case the administration costs are paid by the federal authorities.

This year in the speech from the throne the government were able to say no more than that they hoped to get further co-operation from the provinces in connection with such a scheme, and that they were still of the opinion—and so on. But in view of what took place in Quebec, and in view of utterances from some other provinces, it seems hopeless to look for any action in that regard. And supposing it were possible, we should have to wait for the Rowell commission to report; then we have the visit of their majesties, and there might be an election. Certainly there would have to be a conference between the dominion and the provinces, and then assuming what is very unlikely, that the provinces did agree, we would have to meet again here and pass a petition asking the British government to take action. The British government would then have to pass legislation, which would take another year; then it would come back here and we would have to go through the various stages of the necessary legislation. With the two year waiting period we would be lucky if we got any action in less than six or eight years, with no certainty of anything except a very undesirable scrap with some of the provinces.

The system I have presented is not some ephemeral scheme thought up by myself; it is one which is in actual effect under conditions very much like ours. We have the object lesson of how it was done and the experience of applying it to 21,000,000 people. Surely among that 21,000,000 we can find conditions similar to our own here. If we adopt this scheme we might be paying benefits inside of two years, with no long dispute with two or more provinces and all the bitterness that interprovincial enmity provokes.

I suggest that delay in this matter is unnecessary and might well be dangerous. People are in a sensitive mood, and if they get the idea that nothing is going to be done for them they will get bitter. If a man quarrels and you can reason with him you can abate his anger, but if he gets in a sullen mood you can do nothing with him. There is nothing more hopeless than a body of people who have arrived at the condition of hopelessness and helplessness, and who believe in nothing and nobody; they are ready to bite at any ridiculous promise, and might by pressure pass legislation which would be disastrous to themselves and equally disastrous to other people.

There is no need to make this a political football; let us get together, not on the basis of party but as reasonable men determined to find a fair solution of a difficult problem, and one that gets more difficult the longer action is delayed. Unemployment insurance is not a cure-all; nobody suggests that it is. It will not do away with unemployment, but it will cushion the disaster and injury that unemployment produces to the whole body politic; for it extends beyond the particular working man concerned—it affects us all. I suggest that unemployment insurance is a measure of justice that has been too long delayed. It is a too-long delayed necessity.

What I am asking now is action, demanded not by political considerations, not by the pressure of people, but simply by a cold analysis of what the facts and conditions as we know them require.

Mr. PAUL MARTIN (Essex East): The resolution introduced by the hon. member for Comox-Alberni (Mr. Neill) embraces a problem which I am sure engages the sincere attention and interest of every man and woman in this house; a problem which even the most bitter critics of the government will agree has engaged the government's attention, and particularly that of the Minister of Labour (Mr. Rogers). I am particularly interested in this problem, not only as a citizen of this country but because I represent in this house a constituency in which on its urban side thousands of men engaged in an important secondary industry find themselves for a period often as long as five months in the year without work and compelled to resort to the state for relief, with all the demoralising social consequences that result from such an interval of unemployment. Therefore I am convinced that the resolution introduced by the hon. member is one that should receive our immediate attention.

I do not agree with him that every hon. member of this house supports the principle of unemployment insurance. I have talked to a good number and I find that we are not all agreed on the principle of unemployment insurance and the advantages which it offers. For this reason I propose to examine, dispassionately, I hope, some of the economic implications of the resolution. I propose to be as realistic as possible in my treatment of the question. I do not propose to assume, as my hon. friends immediately opposite would assume, that the form of economic society under which we operate is one that should be done away with. I prefer to recognize that in Canada there is not much likelihood that this system of free competition will cease to exist, in our immediate time. We have to approach the problem as legislators with this assumption ever in mind.

Under our competitive and acquisitive system unemployment is inevitable; we might as well recognize this. That is exactly what a great economist, and one of the greatest authorities on this subject, meant when he wrote:

> So long as the industrial world is split up into separate groups of producers, each group with a life of its own and growing or decaying in ceaseless attrition upon its neighbours, there must be insecurity of employment. It is probable that at least one of the most striking specific factors in the problem, namely, cyclical fluctuation of trade, may be traced ultimately to the same source. Unemployment in other words is to some extent at least part of the price of industrial competition, part of the waste without which there could be no competition at all.

[Mr. Neill.]

So that if we are inevitably to have a constant measure of unemployment in this country we have to find some method whereby those who are engaged in our factories, men and women, will be afforded, in so far as the annual income for their work is concerned. This unemployment inevitably is due in Canada, I suggest, to at least five circumstances—seasonal fluctuations, cyclical depressions, technological developments, the decay and merging of industries, and industrial disputes. I have not the time to analyse each of these, except to say that operations in the automobile industry in my own constituency, the city of Windsor, an industry which at the present time means so much to the economy of Canada, but nevertheless an industry based upon the principle of mass production, in the face of technological developments have resulted in the displacement of human effort by the machine. And to suggest that this substitution is wrong or that we must get away from mass production is not facing the facts.

This civilization of ours is a machine civilization. There is no more chance of getting back to the handicrafts or to barter methods than there is of our having utopia to-morrow. We might as well recognize this. One of the machines in the automobile industry, a special machine for the manufacture of pressed steel frames, operated by one man, produces six springs per minute, 3,600 in ten hours—an output which by hand methods would require 175 men. This simple illustration indicates the relation of the technological developments which have taken place in industry in respect of what I call the inevitable circumstance of unemployment, under our system of free competition and production.

Then, another circumstance: Twenty years ago the automobile and truck industry afforded great opportunity for the industrial development of Canada. The moving picture and radio industries a few years ago offered similar opportunities. But I ask hon. members this question: Looking at the character of the world to-day, particularly on the industrial side, is there any likelihood of an emergence of a new industry or a new group of industries which will be able for the time being spontaneously and completely to take care of the working classes of this or any other country? That is another reason why we have to be prepared to do what normally would seem to be economically unsound, in order to cushion, as the hon. member for Comox-

Alberni has said, the great economic as well as the great social waste which attends the unemployment problem.

I believe that a proper way to approach this whole question is to consider some of the methods which have been frequently suggested, not for the removal but for the mitigating of unemployment. An examination of these will show that, with all its limitations, the proposal of the hon. member for Comox-Alberni offers the most advantages and better results in the solution of the problem to which we in Canada must address ourselves.

First of all there is the proposal of industrial stabilization, the proposal advocated by Mr. Owen D. Young and other so-called business statesmen of the world. This industrial stabilization program is one which, by rationalization and coordination of industry, seeks to take care, in industry itself, of the unemployment problem. I think it is too much to expect that any well-directed corporation in Canada or elsewhere is prepared to introduce a stabilization program at a financial sacrifice. Obviously the only form of stabilization program which will operate, within our system, is one which is both practical and economic—one which occasions profit. I am not trying to suggest that our business men are not socially minded. But I do suggest that the profit motive in industry is not going to encourage industries in any part of the world to resort to purely humanitarian practices in the absence of profit. No business can function on pure philanthropy. Consequently I believe that the proposal of industrial stabilization cannot and will not satisfy the test.

Then there is the proposal that, since we are to maintain this system of production within a free and competitive society, we should sit around and develop, sit around and plan our whole economic and social problems. It is suggested that by a system of planning we might avoid the problem of unemployment. I suggest that the very idea of competition itself is opposed to planning, and that consequently one will get oneself into all sorts of difficulties by trying to find a solution through this agency.

Then there is the suggestion that was made by one of the great proponents of a scheme of unemployment insurance in the United States—namely the share-the-work movement. There is the suggestion that by a cutting down of the period of employment—let us say a week, for the individual employee—and giving the remaining portion of the normal period of employment to another workman it would be possible to eliminate unemployment. I have no hesitation in saying that in my judgment the acceptance of that proposal would result in one of the most inequitable and oppressive taxes ever levied upon the working classes of any country, because it seeks to relieve industry of its share in this great burden, and places the entire responsibility upon the working group.

There may be others who say that the proper method of curing the problem is through an expansion of foreign markets. Again realism must compel us to realize that in order to have any strength in its economy a nation must sell as well as buy from other countries. It must constantly increase its markets abroad. This government has proceeded on that assumption. However praiseworthy may be our recent treaty with the United States, or the treaty between the United States and the United Kingdom, I am sure no one in the house will for a moment conclude that under our present form of society the most strengthened trade treaty relations are calculated fully to cope with unemployment. But the proposal that we should eliminate or at least restrain child labour, that we should cut down on the pension period in order to improve the labour market, thereby encouraging a more successful operation of a system of unemployment insurance, is one which deserves much attention and, in my judgment, has great merit.

Therefore complementary to a system of contributory compulsory unemployment insurance I would be in favour—always admitting, in this instance, the constitutional difficulty—of further strengthening child labour restrictions, raising the working age of children, and lowering the age for pension requirements. I believe a comprehensive scheme of unemployment insurance with this supplementary program in mind would have the result of restricting the labour market and, in so far as the possibility of governmental intervention is concerned, making the solution of the problem more successful than it otherwise would be.

Mr. LANDERYOU: Does not the hon. member think it is as much a question of unimpayment as it is of unemployment?

Mr. MARTIN: Of what?

Mr. LANDERYOU: Of unimpayment as much as unemployment.

Mr. MARTIN: I am going to come to that if I am just allowed to proceed. I have tried not to confuse myself with theories about which I know very little, and about which I am sure very few hon. members have any knowledge. I say that not unkindly, but I

would prefer to confine myself to something which I believe is reasonably comprehensive.

A system of unemployment insurance such as that suggested by the hon. member for Comox-Alberni would, if put into effect in Canada, necessitate a change in the manner in which our employment exchanges and employment offices are now operated. They are now largely uncoordinated because of divided jurisdiction. If we adopt an unemployment insurance scheme we shall have to do what they have done in the United Kingdom, that is, have a carefully selected and properly organized system of employment exchanges, all operating under the same policy and administered from the centre instead of from the various spokes of the wheel.

The suggestion often made in this house that unemployment insurance will add to the burdens of generations to come is sometimes counter-balanced by the proposal that unemployment could best be taken care of by a public works program. I suggest that the attempt to place men at work by means of public works, a system old as the pyramids themselves, cannot hope to achieve what might be achieved by a system of unemployment insurance. George Bielschowsky, an economist who has devoted most of his attention to the economic aspect of public works programs, has this to say:

> The public works program is not the road to plenty; it is not even a first rate device for reducing business fluctuation; it must rather be conceived of as the last finishing touch which a highly competent government may put upon a smoothly working business economy.

I do not wish to detract from the usefulness of such a program, but I take it that the hon. gentleman who introduced this resolution has in mind some measure which will require assistance from the national exchequer, perhaps to a greater degree in times of prolonged depression. I suggest that a system of public works, palliative as it is in form, will not by itself achieve what I think would be achieved by a system of unemployment insurance. In passing may I say to the Minister of Labour, with whom I have discussed this matter, as I did with the Postmaster General (Mr. McLarty) before he assumed ministerial rank, that I do not want him to understand that Windsor does not still want a new city hall. I do not want him to understand that we are not prepared to accept a new railway station or to have the Blue Water highway extended or to accept further waterfront development in our community. I simply mean that taking the long view we are temporizing with the problem by merely seeking to spend public money in great amounts on public works.

Unemployment insurance is often contrasted with the scheme of unemployment reserves. But before discussing this, I should like to make certain fundamental assumptions, one of which I have made already. I repeat that I recognize that unemployment cannot be abolished without giving up our system of production. I recognize that Canadians are not seriously considering giving up the present social order. Consequently, our responsibility is to discover the best method, within this competitive system of production, of alleviating the social and economic consequences of unemployment.

Having made these assumptions, what then is to be said in favour of unemployment insurance? As the hon. member for Comox-Alberni has said, it is in effect in thirteen countries of the world and protects approximately 42,000,000 workers at the present time. The English system was inaugurated with the act of 1911 and the legislation has continued in modified form up to the unemployment act of 1934. Allowing for all the abuses that have occurred and the weaknesses that have been found in the English experiment, eminent economists have admitted that if it were not for the system of unemployment insurance the unemployment problem in England, particularly during the past decade, would have been seriously aggravated.

Mr. HEAPS: Would the hon. member be in favour of including all persons in an unemployment insurance scheme, as is done in Great Britain?

Mr. MARTIN: I am coming to that. The hon. member means seasonal groups, and so on?

Mr. HEAPS: I was going beyond that. I did not want to interrupt my hon. friend at this point, but he must know that when the unemployment insurance scheme was introduced in Great Britain it embraced almost every person in industry. If we are to introduce a similar scheme here in Canada, is the hon. member in favour of embracing all persons who could be employed?

Mr. MARTIN: My own view is that that is exactly what would have to be done, and obviously that would defeat the actuarial principle. Because of the emergency that exists, we would have to do what has been done in England. We would have to abandon in part the actuarial principle, having in mind the necessity of providing social security. If I am permitted to continue I think I will cover that point more fully in a moment.

I was discussing the question of unemployment reserves as opposed to an insurance scheme. The Wisconsin plan of unemployment reserves seems to be the most successful, but relatively it has been very unsuccessful. That plan shows the weaknesses of an unemployment reserve system as opposed to an unemployment insurance scheme. There are at least two weaknesses in the Wisconsin plan of unemployment reserves. First, it fails to provide for governmental contributions, and, second, it neglects to take advantage of another basic principle of social insurance, namely, the distribution of the burden on all elements of society. I think it is sheer nonsense to argue whether or not unemployment is an incurable risk. That is a metaphysical question which I do not think lawyers or parliamentarians, let alone philosophers, can possibly answer. The real concern of social insurance is security rather thant the upholding of actuarial principles which must govern in private insurance. I am prepared to admit that on a purely actuarial basis a complete system of unemployment insurance in Canada is not possible. That being so, there must be a constant demand on the national exchequer to bolster up a subsidized fund.

Unemployment insurance was the logical evolution of the experience of the trade unions. Many trade unions inaugurated a voluntary plan of insurance. While not altogether successful, while the objective in mind was not reached completely, these voluntary insurance schemes advanced to a point where there were a number of fairly comprehensive systems. The trade union voluntary insurance schemes were based largely upon the principle employed in certain municipal insurance schemes, such as the famous Ghent system, that put into force by the city of Dijon and other cities in France. The limitations of the trade union unemployment insurance schemes were the same as those of the municipal schemes. They did not reach a substantial portion of the working public. They were confined essentially to the members of the trade unions. Because they were operated on a voluntary basis, they took in only a small number of the trade union members. Nevertheless the trade union experience, particularly after the government provided subsidies, has been of great value, in that—and I think this is important—it demonstrated the feasibility and practicability of mutual insurance against unemployment. It demonstrated also that governmental subsidies stimulate this protection; for all voluntary plans expanded greatly after the government began to subsidize them. In the third place, whatever gain was achieved was due to the factor of compulsion; for it soon became evident that if adequate protection against unemployment was to be extended to the majority of wage earners a national system of compulsory insurance for all workers, with the burden distributed among all groups of society and not on one or two, was the only way out.

This experience of the trade unions, and the experience of other countries where compulsory unemployment insurance is now in vogue, reveal a preference over all other schemes of insurance or unemployment assistance, stabilization fund, or share-the-work movement, in the following particulars.

First, a scheme of contributory unemployment insurance on a nation-wide basis, not for any one province but for the whole nation, would assure the widest possible distribution of the risk. Second, by levying contributions on employers, employees and the state, the burden is equitably distributed. Third, by having such participation in the contributions, as in England, the government can shift a considerable share of the burden to the richer classes through graduated income and inheritance taxes. I suggest that these three principles must ever be at the base of what we adopt in Canada; and while those are the three principles I think the main thing to enunciate in this house is that the scheme must be one not for Ontario, not for Quebec but for every part of the country, for economic reasons which I propose to develop.

Everyone is familiar in a general way with the English experience. Suggestions have been made that great weaknesses have crept in, that great abuse has resulted, and so on. I wish to place on *Hansard* an important quotation from the final report of the royal commission on unemployment insurance in the United Kingdom, issued in November, 1932:

> In industry as a whole there are general changes from activity to depression, exaggerated since the war, which involve the idleness for months at a time of a considerable proportion of fit and efficient workers. In the interests of more economic efficiency, even if no other values were brought into account, it is important to preserve the economic capacity of these workers during their unemployment. A system of unemployment insurance and relief maintains the efficiency of the working population during unemployment and tends to check the accentuation of unemployment in periods of general trade depression.

And note further:

> Since 1929 unemployment in this country—

That is to say, the United Kingdom.

> —although worse has not increased to the extent and in the degree that it has in the United States and other countries. This difference may in part be due to the mainten-

ance of working class spending by unemployment relief, when spending generally was contracting and investment in new enterprises drying up. . . . One of the advantages of a self-supporting insurance scheme is that if properly controlled—

That was what I meant when I referred to an organized system of employment exchange offices.

—it accumulates reserves when spending is active and employment is good, to disburse them automatically at the time when trade is depressed, and spending needs to be stimulated in order to give employment. . . .

The economic facts of the unemployment situation must be considered in relation to the social benefits of unemployment insurance and its extension which have outweighed any economic objections.

This was the conviction of a group of competent men who, at the instance of His Majesty's government in the United Kingdom, examined the operation of unemployment insurance in that country. This was the result of their examination. The truth is that English statesmen and leaders of business for the time being having dispensed with many of the social implications of the classical economists, and are prepared to look at the situation not in the light of theory as it was known in the days of Adam Smith but in the light of the system under which we are operating, with all its difficulties. They saw to it that a minimum of mass purchasing power would be available to the working groups of England; and as a result of unemployment insurance Great Britain has been returning annually about one and a third billion dollars to the unemployed, the sick, the injured, the aged, the widows and the orphans. This has enhanced the internal purchasing power, on the basis of population, to nearly four billion dollars, and as a result English wage rates have been kept in hand, thus ensuring purchasing power to those who continued to work. I submit that the same can be done for Canada.

I realize the difficulties facing the Minister of Labour in his attempt to deal with this problem. I would suggest to him that if we resort to a scheme it must be on a nation-wide basis. Otherwise the following burdens and difficulties would result: First, workpeople who move constantly from one province to another would present a difficulty when one worker would move from an uninsured to an insured province, or vice versa. Second, it would be unfair that the taxpayers of an uninsured province should contribute equally with the taxpayers of an insured province. Third, the producers of the insured province would be saddled with a substantial item of cost which would not be borne by their competitors in uninsured provinces.

[Mr. Martin.]

The answer to all these difficulties, we are told, is a constitutional one. We are told that we all want a system of unemployment insurance in Canada, but that because of the judgments of the judicial committee this is not possible. Well, of course, we have to recognize the findings of the judicial committee, and nothing will be gained by disagreeing with those decisions. At this point, however, I believe I should say that this parliament clearly would have the power, without resorting to the provinces, to bring about an amendment to our constitution in order to clearly and unmistakably endow this parliament with the authority now lacking. I realize that to adopt this method of bringing about the desired end might occasion throughout the country a great deal of dissent and possibly further conflict and lack of harmony. I suggest, just as the hon. member for Comox-Alberni has suggested, that we might face the emergency; we might realize the difficulty of implementing this legislation and, on the basis of the old age pension scheme, pass a national act making it optional in the case of the provinces. I venture to suggest that public opinion in all these provinces, including my own, would resist any attempt on the part of provincial politicians to interfere with the national interest. Moreover, our financial arrangements with the provinces could be so dealt with as to make it financially worth while in respect of other contractual obligations for any province to accede readily to the opportunities offered by a national scheme.

We are told that the great difficulty lies in the province of Quebec. Seemingly Ontario has signified its willingness to accept a scheme of unemployment insurance, if we can accept the *obiter dicta* of some of its politicians. But public opinion in the province of Quebec will not support the premier of that province in his opposition to the scheme, even in the form I have now discussed. I quote from a recent statement of Mr. Charpentier, who was and is president of La Confederation des Travailleurs Catholiques dans la province de Quebec:

However, the Canadian Federation of Catholic Workers would not object to the federal government amending the constitution this very winter, in order to establish a tripartite system of unemployment insurance in this country without any further delay.

There is the observation of the leader of one of the most powerful labour groups in the province of Quebec. They are not willing that opposition to an amendment of the constitution shall interfere with what I believe, with all its limitations, represents in the light

of past experience the only way within our form of society whereby working people can be given a measure of security during periods of unemployment.

In my own city of Windsor—and I know that the Postmaster General will support my statement—one of the most disheartening things—I say this non-politically and I hope dispassionately—is that healthy men and women, particularly men working in our automobile factories, receive a wage which in the light of its daily amount seems adequate, but in the light of an annual income is insufficient to maintain properly a home in this country on the standards of living we have set up for ourselves. These men are out of work four and five months in the year. I go into their homes, and often am unable to suggest any satisfactory solution. I am convinced that this problem, particularly in respect to secondary industry in our thickly populated industrial centres, would be relieved by the application of a system of unemployment insurance. The Minister of Labour knows as well as I do, if not much better, the economic and social implications of this problem. I am not trying to pit my humble approach against his. He sees it, I am sure, in its national aspects. But I do say to him, speaking for a constituency where the problem is acute, that public opinion will back up this government and this parliament if it assumes in the way indicated the authority which I think it should assume, and that it will condemn politicians in any part of Canada who seem prepared to place the interests of provincial autonomy ahead of what I regard to be the proper treatment of the most disastrous and dangerous problem which confronts Canada and the world at the present time.

Mr. J. R. MacNICOL (Davenport): I am happy to rise to second the motion introduced by the hon. member for Comox-Alberni (Mr. Neill). It is not the first time such a resolution has been introduced in this house. I believe that during the nine years I have been here it has been proposed several times, and I remember having read before I came here that it was introduced by the hon. member for Winnipeg North (Mr. Heaps). It has often been debated here; and after many years of debate, in due course an unemployment insurance act was passed. I am not going to speak about it at the moment, but later I shall have something to say with regard to it.

For myself, I have been long associated with many thousands of workmen; I know—I should know—their problems; I have been with them on occasions of joy and at times of sorrow, and I know of no occasion on which I felt more grief for the average worker than I did when he was told that his services were no longer required. From long contact with workmen I am a convinced advocate of contributory unemployment insurance. My conviction arises not only through contact with them but from a very exhaustive inquiry into the subject and from observation of unemployment insurance laws in operation in several Europeon countries, particularly in Great Britain, and a thorough study of the acts which have been referred to as operative in the United States.

In former years, and perhaps at the time the hon. member for Winnipeg North first introduced his unemployment insurance resolution. it was necessary to put up an argument for the principle of the measure. This is no longer necessary. As someone said earlier in the debate, the principle is now recognized everywhere. I believe that all reasonable, thinking men are in favour of unemployment insurance. To read the debates which took place in the British House of Commons in 1911 and immediately prior to the adoption in Great Britain of the first unemployment insurance act in the world, would be an interesting occupation for any hon. member who has not done so. To-day everyone who thinks is in favour of unemployment insurance.

An hon. MEMBER: Contributory.

Mr. MacNICOL: What attracts me most to it is the tragedy of the situation here in Canada. In 1935, after as exhaustive an inquiry into the subject as any government has made, the Bennett government enacted unemployment insurance. I supported it as vigorously as I could. I am sorry that it was not placed in operation. I am convinced that had the Right Hon. R. B. Bennett been returned to power in 1935 it would have been put in operation without any reference to the privy council. It might have been contested later on in the courts, but it would then have been operating for at least some time, during which the people of Canada, and particularly the working man—and it is of his interests I am thinking—would have become interested in and familiar with the operation of unemployment insurance.

Mr. HAYHURST: It was contributory unemployment insurance, was it not?

Mr. MacNICOL: Absolutely. That is what I am in favour of. I have not heard any other form of insurance debated in this chamber. I did not hear the beginning of

the speech of the hon. member who introduced the motion, but I am satisfied that any scheme he would advocate would be contributory.

Mr. MANION: It so states in the resolution.

Mr. MacNICOL: In reference to the act passed by the preceding government, and in view of the unemployment which again grew to large proportions in the early months of 1938, I wish to read from an editorial in the Toronto *Telegram* of January 24, which describes the situation as fittingly and truly as it has ever been depicted:

> It was a grave misfortune for Canada that the unemployment insurance act passed by parliament in 1935 should have fallen a victim, first, to political jealousy, and later to an adverse court decision upon its constitutionality, because it is in times of increasing industrial activity and employment such as occurred in the last two years—

That is in 1936 and 1937.

> —that a strong fund must be collected to meet the calls which arise when depressions strike and workmen lose their jobs.

That editorial tells the true picture. The reason that an unemployment insurance act is not in operation in this country to-day is, I am convinced, political jealousy. The result is that we are back to-day to where we were around 1928 or 1929 when the hon. member for Winnipeg North introduced his first unemployment insurance resolution.

Let me give a brief history of the origin of unemployment insurance. There is nothing new about it, because for decades prior to 1911, in fact in the early part of the nineteenth century, the great labour organizations first began to provide for what was known at that time as unemployment benefits, and from that day they gradually improved upon the principle of providing unemployment benefits. At the same time many great manufacturing concerns began to take up the question, and eventually they themselves adopted a system of out-of-work or unemployment benefits. I have read the story of the great F. I. A. T., works in Italy, the Sandvick steel works in Sweden, the Zeiss works in Germany and the Phillips works in Holland. All these companies had, for years prior to the operation of unemployment insurance proper, their own out-of-work benefit plans that worked satisfactorily. But in 1911 the British government got right down to business and in enacting an unemployment insurance law they had all the experience of the great labour organizations, the large business concerns and the out-of-work benefit societies that had been operating prior to that time. The quantity of data and material that had been accumulated in those previous years was of great assistance to the British government in enacting the first unemployment insurance scheme adopted by any government.

I am going to touch upon the British unemployment insurance act later on, but I might say at this stage that a number of other nations followed in the wake of what the British government had done. The British government are usually first in all these matters, and in 1911 they passed their act. Austria passed theirs in 1920, Queensland, Australia, in 1922, and Russia in 1922, although I do not believe it is operating now. Italy passed an act in 1923, Poland in 1924, seventeen of the twenty-seven or twenty-eight cantons of Switzerland in 1924, Bulgaria in 1925, and Germany in 1927. All these acts were contributory and compulsory. A number of other nations adopted non-compulsory acts, but as that is not in the line of my argument I will not take up time enumerating the nations that passed such acts.

There are two different governmental situations to consider in the adoption of an unemployment insurance act. First of all there is the state like Great Britain in which there is only one government for the entire country. That applies also to France, Belgium and a number of other European states. Then there is the federal state, illustrated by Germany, Switzerland, Canada and the United States. It is quite obvious that states with single governments, such as Great Britain, can approach a subject of this kind more quickly and effectively than a federal government can, and it is very largely for that reason, I suppose, that Switzerland and Germany, that adopted unemployment insurance, though perhaps not to the same extent as Great Britain, were later than Great Britain in passing legislation. The United States, where the situation is pretty much as it is in Canada, the individual states being largely sovereign, as the provinces are in this dominion, was still later in adopting an unemployment insurance act; and Canada has not yet passed a measure other than the one which was thrown out by the privy council.

I have made a thorough investigation into the operations of the unemployment insurance act in the old land. In London there are forty unemployment offices. There are two main unemployment offices, one in what is known as "the city" and the other at Pentonville in the northeast end of the city. It was to the latter, I believe, that I went when I was last in London. I wish to describe what I saw there. In the old land the employment office and the unemployment office are operated from the same centre, and it should be the

same in this country. I must first of all remark on the courtesy and sympathy shown by the officials in the various unemployment insurance offices, in which I spent a considerable length of time. I cannot say that I received the same service or was shown the same sympathy in the unemployment offices I visited in Canada. On more than one occasion I telephoned to an unemployment office and the conversation at the other end was more or less discourteous until I told who I was, and then, to my surprise, the voice became more or less courteous. I should like, however, to compliment the officials in the old country on their courtesy and on the manner in which they treated the men. They addressed them as Jack, or Tom, or Fred, and when I asked how they knew these men, the answer was that over the period of years they have been operating since 1911, naturally many men have visited the various unemployment offices a number of times.

When an unemployed worker enters an office in London he first hands in his card on which are a number of stamps. Perhaps the hon. member for Comox-Alberni described it. Every worker has a card with his name on it and a certain number of stamps are necessary for him to obtain unemployment insurance, and are pasted on that card. He hands his card in and then directs his attention to three boards on the office walls, one after the other. To these offices comes information by teletype from every one of the forty offices and the main offices. That report comes in every fifteen minutes and it indicates any positions that are filled or vacancies that occur. Almost as soon as the report is teletyped it is taken off the machine and placed on a board and the workers quickly gather round that board to find out what opportunities are offering. As promptly thereafter as possible the officials list all these positions on a larger board, and finally they have them typewritten and placed where the workers can see them. If a position becomes vacant they write out a card and give it to the worker. If he obtains employment it is reported at once and his record is so noted and the position that had been tabulated as vacant is also erased.

Mr. DUNNING: If my friend will permit, that system recognizes the inseparable nature of the two things, unemployment insurance and the means of finding employment.

Mr. MacNICOL: Yes, I explained at the beginning that I was strongly in favour of the system that combines the two.

Mr. DUNNING: The same authority must govern both in order that it may work.

Mr. MacNICOL: Yes, the one office takes care of both, and I found it working very satisfactorily. The fact is that in 1936, the year previous to my last visit to the old country, the officials told me in London they had placed men in one million jobs, odd jobs of one kind and another, but some of them permanent. In fact the day I was in the Pentonville office a teletype came in asking for eight squads of boilermakers. I asked what they meant by eight squads, and was told that four men made a squad. There was the boilermaker himself, the man who held the rivet up, the boy who tossed the rivet, and I suppose tthe riveter made the fourth. So that thirty-two men were called for in that request. I was tremendously thrilled with the way in which the whole unemployment situation is taken care of.

It is interesting also to see the men coming in to obtain their insurance. The waiting period in Great Britain has now been reduced to three days; formerly it was six. The men receive their pay during four hours a day. They are dealt with expeditiously; an effort is made not to keep them waiting but to send them on as happily as they can. They report on three days—Monday, Wednesday and Friday, in order also to look over the boards and try to obtain a position.

I am not saying that it is possible at the moment to adopt an unemployment insurance scheme in Canada. The government would have to look into that very carefully; it may or may not be possible. The conditions of the country are so serious at the moment that at least a considerable waiting period would probably have to intervene in order to accumulate the necessary fund.

Something was said by a previous speaker in reference to the financial position of the unemployment insurance fund in the old country. I studied that very carefully with the labour office—they gave me all the available information—and it appeared to me that it was in a most satisfactory position and most successful. This is largely due to the fact that never before have there been so many mechanics employed as there are at present in the old land. In 1936 in England the employer contributed 20 cents a week for each employee, the employee 20 cents a week and the government 20 cents a week, and the receipts from those contributions in 1936 amounted to $322,860,000. Adding to that an amount of $995,000 in interest on the rest that they have already laid up makes total receipts of $323,855,000. Out of that they paid in unemployment benefits $220,027,000. The cost of administration was $20,250,000, and other expenses—I suppose printing, etc.,

and perhaps inspectors—$1,467,000; total expenses $266,744,000, including a return of $25,000,000 to the fund which formerly was known as the dole to pay off the debt that accumulated following the war when conditions were unprecedented and when what was known as the dole amounted I believe to $515,000,000. In the last three or four years they have paid off over $100,000,000 and in addition have laid up a rest of $225,000,000 to $250,000,000. The fund is now on a solvent basis.

When I asked the chief of the department at Whitehall what will happen when all these hundreds of thousands of men now engaged in munition work are laid off, perhaps because of sufficiency of munitions, he said: "Oh, we are now in a position to take care of that almost indefinitely." In the old land, therefore, they have fully demonstrated that their system is a sound one, and from my observation it is of tremendous benefit to the worker. To assure myself of its benefit to the worker I visited many plants and many employers and employees, but I shall tell of only three, widely different.

I went to a great steel plant employing 36,000 men. I talked to the foreman in front of the Bessemer furnace, where there was also a squad of four men. I asked him what he thought of unemployment insurance. He was a Scotsman. He replied, "Man, it is marvellous; it is wonderful. I have a wife and six children; I have not been out of work during the last three years and therefore have not required any unemployment benefit, but if I were out of work I would receive for myself $4.14 a week, for my wife $2.19, and for the children 49 cents each, plus 25 per cent." That would make for that man $11.95 a week, and he would receive it almost indefinitely; because for a man who has been on for that length of time the benefits continue for well on to a hundred weeks. In this country when a man is laid off he receives nothing; he either goes on charity or goes to the relief office to get something to exist on. It is a strange travesty that such a situation should exist in a land like ours, flowing as it is with milk and honey.

Then I went to a restaurant. In the British act they have not the restrictions on the number of employees that are imposed in the United States act, to which I shall refer later. The waiter at the restaurant told me he was married and had three children, and that if he were laid off he would receive within three days' time $9.75 a week. In London a man can live on $9.75 a week if he is not too extravagant. Then I went to a corner grocery, operated by a man and his wife and two employees. The man and his wife were working in the store; one employee was drawing a sick benefit of 17 shillings a week, together with medical attention and medicines, and the other young man, who was off because of unemployment, received $5.17 a week. Unemployment insurance in Great Britain is so all-embracing that over 18,000,000 out of the 20,000,000 employed are protected by the benefits of the unemployment insurance law. I often say to myself that when times are good in Canada again and we want more immigration—and we shall, because I am convinced we must have immigration to keep this country on an even keel—we shall have great difficulty in getting Britishers to come out. They will say, "Why should we go out there? At home we have health insurance and unemployment insurance, whereas in Canada you have neither." The result will be that we shall have great difficulty in convincing immigrants qualified to render efficient service in Canada to leave the dear old land and come to this country—despite the fact that we have a land which does flow with milk and honey.

Mr. NEEDHAM: Would the hon. member permit a question?

Mr. MacNICOL: If it does not take too long to answer it.

Mr. NEEDHAM: Did the hon. member visit any farms in Great Britain? Could he tell us about the activities on the farms?

Mr. MacNICOL: I did not visit any farms, but I know that farm employees are now operating under the benefits of the unemployment insurance scheme.

In Great Britain there is the widest possible extension of the benefits of unemployment insurance. As a matter of fact, I intended to refer to the classes receiving it when I discussed the United States system at a later point in my observations.

The German system, while a very good one, is not at all equal to that of Great Britain. But it does include three things, the first of which is accident insurance. If a worker is injured through an accident he will receive accident compensation. Their system includes invalidity insurance and unemployment insurance. The three are grouped together and, to that extent, in my judgment it is beneficial. The rates are however, much higher in Germany than in Great Britain, and the return is much lower. It is a federal-state system, and I assume they have not been able to adjust the operation as accurately and efficiently, on account of its being a federal-state system, as is the situation in the old land. The benefits in Germany do not range nearly as high. A married man with no

dependents would receive from $1.80 to $4.92 a week. If he had dependents he would receive from $3.12 to $8.40 a week. The general application of the system in Germany is, in my opinion, not at all comparable with the application of the system in the old land.

Before I proceed to a discussion of unemployment insurance in the United States, it might be well to place before hon. members the scope of the British system. As I said a moment ago, in Great Britain the scope covers approximately 18,000,000 workers out of a possible 20,000,000. Contributions are at the rate of 20 cents a week by the employer, 20 cents by the employee and 20 cents by the state. The conditions stipulate that an employee must have made 30 contributions in a period of two years, and that fact is demonstrated by his presenting at the office an unemployment insurance card bearing 30 stamps. The waiting period is set at three days, and as benefits a man receives 17 shillings a week, a wife 9 shillings, and each child 3 shillings plus 25 per cent. The duration ordinarily runs from 26 to 52 weeks.

In cases where an employee has worked a considerable length of time without drawing anything from the unemployment insurance scheme, that period is considerably extended. In my judgment the system in operation in Great Britain is the best in the world.

Perhaps before proceeding to the situation in the United States, I should refer to the former Canadian legislation, which covered about 1,700,000 workers in Canada. Contributions were as follows: 25 cents from the employer, 25 cents from the employee and 10 cents plus costs from the state. In Great Britain the fund pays all costs. The legislation in Canada provided for 40 contributions in a period of two years. The waiting period was set at six days, and the benefits for a husband $6 a week, for a wife $2.70 and for a child 90 cents. The duration was set at from 78 to 100 days.

I now come to a discussion of what has been done in the United States in connection with unemployment insurance. For a long time an ardent and diligent study of the problem was made in that country. I have visited many of the separate states, and made a particular study in the state of Wisconsin where the scheme was first in operation. The states had some data to work on, compiled by some of their larger companies, which had in operation private unemployment insurance schemes. In this connection I would mention the General Electric Company, the American Radiator Company, Proctor and Gamble, and some others. In addition they had the benefit of the investigations made by many out-of-work benefit societies. Several of the governors in eastern, central and western states, in their desire to bring about an unemployment insurance scheme, made a thorough survey in the respective sections.

The United States chamber of commerce made a most exhaustive survey which covered a period of about two years. All the information gathered was submitted to the government at Washington, at which time governmental officials began to realize what they were up against. They were faced with a problem similar to that in Canada, namely the sovereignty of the states. They realized the difficulty they would have in persuading each state of the union to adopt an unemployment insurance scheme.

The final contribution in each state amounts to three per cent of the wage-roll of companies employing eight or more employees. The amount has not, however, always been that much. It started at a lower figure. In one year it stood at 2·7 per cent. After the two-year intervening waiting period has expired the amount in all of the states will be three per cent. The act in the United States does not cover anything like the percentage covered in Great Britain. In the United States agricultural workers are not covered, whereas in Great Britain they are. Of those gainfully employed only 45·6 per cent would be receiving unemployment insurance in the country to the south of us.

Mr. HEAPS: Percentage of what?

Mr. MacNICOL: The percentage of the number employed. For instance, there are 40,832,000 workers in factories, and in industrial pursuits, and there are 38,000,000 agricultural workers of one kind or another.

Mr. ROGERS: The British act is thirty years old.

Mr. MacNICOL: Yes, I said it came into force in 1911. I will refer to that in a minute.

Mr. ROGERS: In the beginning a smaller number were included.

Mr. MacNICOL: Under the legislation in the United States about 45·6 per cent of the workers would receive the benefits. I have no doubt, however, that as the United States gains experience in the operation of the legislation, it may reach the high point of operation which has been attained in Great Britain As a rule the people in our neighbouring country like to excel, and I have no doubt, when their act has been in operation as long as the British act, it will be a first-class piece of legislation, too.

As a matter of fact, in 1911, at the time of the commencement of the operation of the act in Great Britain, only 2,500,000 workers were

covered. After, however, a series of amendments through the years it has arrived at a stage wherein it covers 18,000,000 workers.

When the Minister of Labour (Mr. Rogers) speaks, I should like him, if he has the information available, to tell the house if it is possible to adopt in Canada a measure anything like that adopted in the United States. Over there they have placed a tax on all companies employing eight or more men, although that regulation does not apply to all the states. I have not time to deal with the practice in all the separate states, but I know that in some there is reference to only four employees and, in others, to only five. Generally, however, I believe over half of the states make the provision for eight or more employees. In some states the employee makes a contribution, I believe of one per cent, but in the great majority of cases the contribution is made by the employer. I understand this contribution is three per cent of the wage-roll.

Mr. HEAPS: It is administered by the state.

Mr. MacNICOL: Yes. As I understand it, the federal government—the minister will correct me if I am wrong—collect the three percent. They then say to the state, "We have prepared a sample unemployment insurance act; if your state adopts this act, or one similar to it to conform to your own conditions, we will return to you ninety per cent of the contribution." I believe that is the percentage.

Mr. ROGERS: Yes.

Mr. MacNICOL: The federal government tell the state that they will pay the cost of administration. If a state does not accept that proposition, the money collected is used for public works or unemployment relief within the state. That might not be possible under our system of government. Every state in the American union has adopted an unemployment insurance act, and I believe they will all be in operation within another one or two years. Within two years at least every one of the forty-eight states and the District of Columbia will have systems of unemployment insurance in operation.

I do hope something can be done in this country. Industry is paying a heavy toll to-day. More factories are closing up than are opening. What can be done, I do not know, but the government should not delay. The need is greater than ever. The savings of the people have been exhausted. I know many of these people intimately, and I have been told their trials and troubles, their sorrows and joys. The stories are heartbreaking. Many of them have lost their little homes, and many others are in no state to combat present day conditions. We must be thankful that the depression has not lowered the moral standards of our people, but their physical standards have been decreased. Many men could not take the positions to-day that they could have taken a few years ago. In my judgment there are several reasons why we should have unemployment insurance.

The first is the fact that many men lose their employment because of age. Two weeks ago last Saturday when I was home a man came to see me who had worked eighteen years for a large company on Dufferin street and had finally been let out. That was a substantial length of time for a man to render service to a company. To have held his job that long he must have been an efficient workman. If he had not been honest and capable he would have been discharged long ago. After eighteen years this company said to him, "your services are no longer required." I saw him last Saturday and he told me that in an effort to save what he could, he had sacrificed his small home at such a reduction that all his life savings, barring a few hundred dollars, had disappeared. This man is about sixty years of age and I ask: What hope is there for him? I contend that there should be some arrangement, either governmental or otherwise, to take care of a man who had rendered eighteen years' efficient service.

We take care of our civic employees who subscribe to a fund. We take care of our civil servants. We have perhaps one of the best civil services in the world and they deserve all credit for their ability, but this government contributes toward their retirement. These people are taken care of, but not the poor chap who has no government or any other person to come to his defence when he loses his job. It does not seem right to me. Much of the unrest in Canada to-day is a result of the fact that no provision is made for these men. It might be said, "Why did not that man save something during his eighteen years of work?" I doubt if that man made more than $15 per week, and I defy anyone to save much on that salary when supporting a wife and family. He did save something, but when a man making $10,000 a year cannot save, we cannot expect the poor fellow getting $15 a week to do very much. I could relate other cases with which I am personally familiar, but I shall not at this time.

The next reason is invalidity. I shall review one or two cases in this connection, as my time will soon be up. I know one man who worked in front of a cupola. I have done it myself and I know something about the work. The other day we heard from a moulder from Vancouver who is also a lawyer. He delivered a fine speech in this house, and perhaps, if I were a lawyer, I could also deliver a good speech. But I come back to this poor fellow. He worked in front of that cupola for fourteen years, putting up with the heat in summer and the cold in winter. His health finally became undermined; he could not carry on with his work, and the company told him his services were no longer required. That is not fair treatment. If this government will introduce some legislation for a contributory scheme of unemployment insurance, one that will take care of the poor fellows who are now employed but who may soon be in the same boat as the chaps I have mentioned, they will be rendering a great service to this country.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I am very glad to rise and say a few words in support of the motion introduced by the hon. member for Comox-Alberni (Mr. Neill). The subject matter of his resolution is one which the group to which I belong have had at heart for a long time. Before, however, I proceed with what I have to say, I should like to answer the question asked by the hon. member for Davenport (Mr. MacNicol) who has just taken his seat. The hon. member said that almost everyone in the community is protected except the poor working man, that he did not have anyone to protect him or plead his case. He asked why that was so. He gave the answer himself. The reason he is not protected is that he has had no one to plead his case in the forums where such questions are discussed and decided. When he was speaking on the address the leader of the opposition (Mr. Manion) made the statement that Canada was far behind all other British dominions in the matter of social legislation. He asked why that should be. The reason for that is equally clear. Canada is behind the other dominions in the matter of labour organization, both industrial and political. It is the pressure by labour organizations on the industrial field and in parliament that gets results for the working classes.

I wish to commend the hon. member for Comox-Alberni for the brevity and conciseness of his motion. I do not think he has put in it a word that was not necessary or left one out that was required. For the purposes of discussion his motion may be divided into four parts. First, he points out the urgent need in this country for unemployment insurance. Second, he contends that this need is so urgent that it should receive the immediate attention of the government. Third, he suggests that the plan of social insurance should be contributory in character and, fourth, that it should be national in scope.

I shall try to discuss these points in the order in which I have stated them. First, as to the pressing need for unemployment insurance; I think we are all agreed, and when I say there is a pressing need for unemployment insurance I have in mind that there is a need for a better method of distributing income to the worker, when, through no fault on his part, he is unemployed, than that which prevails to-day. One of the desirable features of an unemployment insurance plan is that those who come under it, after complying with certain conditions known beforehand, will automatically participate in the benefits without having to go through the degrading process they must go through at present before obtaining unemployment relief. I think I am correct in saying that everyone in Canada who has given thought to this matter or who has given consideration to social conditions is in favour of a better method for the distribution of income. Of course I do not contend that unemployment insurance is a perfect method, but I do think it is a decided improvement over the system we follow at present.

The second point in the resolution is that the need for unemployment insurance is so urgent that it should be put into operation without delay. I believe there is very little difference of opinion on that point. We have had unemployment on a large scale for the past ten years, and there is no indication that we are nearing the end of our difficulties in that regard. Indeed, every indication is to the contrary, and I believe it is generally accepted that unemployment conditions of the past few years will be permanent as long as our present system of production and distribution continues. Such being the case, the government should act in this matter with the least possible delay. There has been, indeed, an insistent and widespread demand in Canada for a very long time for unemployment insurance. My hon. friend from Winnipeg North Centre (Mr. Woodsworth) says for the last thirty years. I am not sure if it is that long, but it is at least twenty years. In looking over the records of the Trades and Labour Congress of Canada recently, I found that in 1921 this organization went on

record as being in favour of unemployment insurance. Whether or not there was an earlier discussion of the matter I do not know. The Trades and Labour Congress of Canada represents the largest number of organized workers in Canada, and I think every year since 1921, in their submissions to the federal cabinet, unemployment insurance has been advocated. The All-Canadian Congress of Labour, in their interviews with the government during the last few years, have also advocated unemployment insurance. The Federation of Catholic Workers and the Canadian Federation of Labour, for the last two years at least, have stressed the need for this kind of social insurance.

In 1919 a royal commission under the chairmanship of Mr. Justice L. G. Mathers was appointed to investigate industrial relations within the Dominion of Canada. After many hearings, and after visiting every industrial centre from Victoria to Sydney, the commissioners stated that fear of unemployment was the chief cause of industrial unrest, and submitted a definite finding as part of their report. There are three short paragraphs in that report, which, I think, are worth reading to the house. The report can be found as an appendix to the report of the national industrial conference of 1919, and the sections to which I refer are on page 8:

34. But supplying the unemployed man with suitable work for the present will not entirely solve the problem. Before the labourer can be made contented the haunting fear of unemployment must be removed from his mind.

35. This is something which affects all wage-earners, but more especially the casual labourer. He can never be sure just when his employment will terminate and he will be left without the means of subsistence.

36. Unemployment may arise from other causes than the loss of his job. He may be incapacitated by sickness, invalidity or old age. Very few labourers are able, out of their earnings, to make provision for these contingencies. We recommend to your government the question of making some provision by a system of state social insurance for those who through no fault of their own are unable to work, whether the inability arises from lack of opportunity, sickness, invalidity or old age. Such insurance would remove the spectre of fear which now haunts the wage earner, and make him a more contented and better citizen.

I submit that if the worker had been strongly represented in this parliament since 1919, unemployment insurance would have been on the statute books before now.

Mr. NEILL: Might I ask the date of that report?

Mr. MacINNIS: This was the Mathers commission, which sat in 1919.

I really do not think it necessary to elaborate on the need for unemployment insurance. I am convinced that there is so much unanimity on the subject that opposition to the principle is no longer an obstacle to the enactment of legislation. I am therefore in agreement with the mover of this motion, that the need is so urgent that it should receive the immediate attention of the government.

This brings me to the third point in the motion, that the insurance scheme or plan should be contributory in character. By that I understand the hon. member for Comox-Alberni to advocate a system of unemployment insurance under which the insured worker would make weekly or monthly contributions when employed. I am accepting that feature of the motion also. That is as far as I am called upon to go at this time. If we were discussing a bill instead of a resolution I might have something further to say on that point.

As far as I am able to learn, in all countries, with the possible exception of Russia, in which they have unemployment insurance it is on a contributory basis. The representatives of organized labour have gone on record as approving the contributory principle. If, as I said, we were discussing a bill, serious consideration would have to be given to workers in the low wage class, and exemptions might have to be made from the contributory principle. But I need not discuss that, because it is not before us. The fact, however, must be kept in mind that, with the very low wages prevailing in Canada at the present time, we might not be serving any useful purpose in taking money from people, who are not getting sufficient to maintain a decent standard of living or enough to keep them in normal health, in order to provide for a future contingency.

I think we should also try to get it clearly in our minds that insurance is not a solution for the problem of unemployment. It will not meet the needs of all the unemployed and much less will it prevent unemployment. We must face the fact that the kind of unemployment insurance we have in mind when discussing this resolution will not touch thousands of those who are unemployed to-day. There is, however, a turn-over in employment —if that is the correct term to use. That is, many workers are employed part of the time, and part of the time are out of work. Such workers would benefit under a plan such as we have in mind. How many workers would be covered by a scheme I do not know, possibly about a million and three quarters. On the other hand, thousands of those contributing would never draw financial benefits. That, however, is a condition inseparable from almost any kind of insurance.

But as it is conceded that such a scheme would have a stabilizing effect on employment, benefits would accrue to all although it would be difficult to compute them in dollars and cents.

I agree with the hon. member for Essex East (Mr. Martin) that unemployment insurance means the sharing of the hazards of industrial employment; it is a realization of the fact that under our present economic arrangement a certain amount of unemployment is inevitable and that financial provision should be made to meet it.

In this connection I should like to give a very few statistics from the British *Labour Gazette*. This quotation appears in the January issue of the Canadian *Congress Journal*.

> According to recent statistics published in the *Labour Gazette*, official organ of the British ministry of labour, 1,679,000 insured persons between the ages of sixteen and sixty-four out of a total number covered by the unemployment insurance plan of 12,250,000 were registered as unemployed at the employment exchanges in Great Britain on November 14, 1938.

The report says:

> It is interesting to note that of this number 1,084,187, had been on the register less than three months, and approximately 825,000 persons, or 49·1 per cent of the total number of applicants, had been on the register for less than six weeks.
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> There were 165,690 persons, or 9·9 per cent of the total, who had been on the register for more than three months but less than six months; 86,911 persons, or 5·2 per cent of the total, who had been on the register for more than six months but less than nine months; 64,636 persons, or 3·8 per cent of the total, who had been on the register for more than nine months but less than twelve months; leaving only 278,387 persons, or 16·6 per cent of the total who had been registered as unemployed continuously for more than a year.

I believe it is a tendency of our industrial set-up that those who work have more continuity of employment, while those who are out of work are out of work nearly all the time.

I must say again that I am not supporting or proposing unemployment insurance as a cure for unemployment. It has not accomplished that anywhere. But I know of no country that has put unemployment insurance on its statute books which has repealed that law. That is an indication that the law is meeting a social need and that the sooner we get it on the statute books of Canada, the better.

The fourth point in the motion is that unemployment insurance should be national in scope. I am also in full agreement with the mover of the motion in that regard. I believe that any attempt to legislate in this matter on a provincial basis would be fraught with considerable danger. It is not necessary at the moment to go into the many factors which would make it very difficult to administer a provincial scheme. There is also the fact that the majority of the provinces are not in a position financially to carry unemployment insurance; for one or two to embark on the scheme would only increase our difficulties, create more friction between the provinces and the dominion, and add to the factors which make for national disunity. I have the greatest regard for my own province of British Columbia, but I am a Canadian first and a British Columbian second. I am anxious in every way possible to serve my people and add to their security and well-being, and I am satisfied I can do that to the best advantage by giving power to the federal authority to deal for the whole of Canada with those questions which, because of changed economic conditions, have become national in scope. I am thoroughly convinced that much of the talk we hear to-day about the sacredness of provincial rights and the determination in some quarters to maintain those rights at all costs has nothing more substantial behind it than the desire for power on the part of certain individuals whom accident or chance has thrown into positions of authority, and who, having become intoxicated with a little power, seek to hold on to it at no matter what cost to the whole of the country. I will go further and say that those leaders who are opposed to giving the federal authority the power to deal with matters of this kind are not expressing the desires of the people of their provinces. The people are looking for economic security and social well-being, and are not concerned with maintaining constitutional relations which were just and proper in their time but which to-day have become a fetter on social progress. Insistence on the maintenance of provincial rights to the point where that insistence retards national progress becomes, in my opinion, provincial stupidity.

Unemployment insurance is of the utmost importance to Canada to-day. Even though it will not meet the needs of many of the unemployed, it is no small thing to put thousands of workers now employed in a position where when they become unemployed they can maintain themselves and their families without having to submit to the degrading experience of those unfortunates who to-day must apply for unemployment relief. I believe that the federal government should go directly to the people of those provinces whose governments are retarding the enactment of this much-needed legislation and tell the people

clearly and in language that cannot be misunderstood what they are anxious to do and what is keeping them from doing it.

The people of Canada are demanding unemployment insurance as they demanded old age pensions a little more than a decade ago. In that regard I should like to quote a statement made by the Prime Minister (Mr. Mackenzie King) in the session of 1926 when the old age pensions legislation was being debated. I am not sure whether this discussion was on the resolution or on the bill, but I rather think it was on the bill. The present leader of the opposition (Mr. Manion), then a member of the house, was showing by the reading of letters that had passed between the dominion government and the provinces that the provincial governments were opposed to old age pensions. The Prime Minister said, as reported in *Hansard* of 1926, volume III, page 2487:

> In reference to the answers from the nine provinces, which the hon. gentleman has just read, I might say that those very replies convinced the government of the futility of ever having an old age pension scheme enacted by correspondence with the provinces. We concluded that the best way would be to enact concrete legislation. We thought that was the only way to get anywhere.

I commend the Prime Minister for his determination on that occasion, and I think that if he were to show the same kind of determination now, ways and means could be found to put unemployment insurance on the statute books in spite of the provinces, and that the people of the provinces would compel their governments to take advantage of it in the same way as they compelled them to take advantage of the benefits of the Old Age Pensions Act. For the past eight years the international labour office at Geneva has issued a year book in which is reviewed, among other things concerning labour, the progress and extension of social insurance all over the world. At the conclusion of the review in the 1938 year book they refer to social insurance. The hon. member for Davenport (Mr. MacNicol) mentioned that in the old country unemployment insurance now covers agricultural as well as industrial workers, and in the year book this statement appears with reference to agricultural workers:

> Social insurance has another very important task to perform, namely, the extension of its protection to rural as well as to urban workers. This extension, which necessitates the adaptation of methods to rural conditions, is perfectly feasible, as is proved by the experience of many countries which have developed agricultural insurance schemes resolutely and methodically.
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> Agriculture is becoming more and more industrialized, and this process calls for new forms of social protection. A large field of activity is being thrown open to social insurance in the agricultural countries, and the considerable experience already gained in this field should permit them to adapt themselves rapidly to the requirements of their task.
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> Social insurance of independent workers.—Another important aspect of the recent development of social insurance is its extension to independent workers. In many countries craftsmen, traders, small farmers, professional workers and other independent workers with limited incomes are calling for measures to give them security in their old gae. Though formerly violently opposed to every kind of collective protection, they have come to realize the material and moral value of insurance and desire to benefit from it in their turn.
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> Social insurance can neither heal nor prevent all ills. Its resources and practical possibilities, though considerable, are limited, and its action must be kept within measured bounds. Whenever the necessity of such action is recognized, however, it should be effective and adequate. The effort of organization and social solidarity represented by social insurance needs to be continued and, in many cases, intensified. A lasting civilization is unthinkable except on the basis of a new economic and social order in which workers will enjoy, not only a higher standard of living, but also the absolute guarantee of complete economic security.

I do not suggest that unemployment insurance on the scale on which it could be adopted in this country at the moment could give that adequate and complete guarantee, but I do insist that it is a step towards that desirable end. To what I have just read I should like to add this as my own considered opinion. I believe it is now generally admitted that further progress in the material sphere cannot be achieved without a system of social security that makes provision for a more equitable distribution of the national income than now prevails and that will protect workers and their families from many of the vicissitudes of life.

Any program of economic recovery and prosperity runs the risk of failure if it does not include a soundly conceived social plan. The world's productive capacity in labour and material has for the past hundred and fifty years been kept busy building a capital structure, that is, producing equipment for the production of wealth. In the opinion of many that work is now finished. If, then, we are to keep busy the machines which were built with much labour and privation we must find ways of financing consumption. I must have borrowed that phrase unconsciously from the hon. member for Vancouver-Burrard (Mr. McGeer), but in this case it is a good phrase. Social insurance is one of the ways in which this can be, at least partly, done. I am not arguing that it is the best way, but it is the way most universally accepted.

We cannot move much faster than we have public opinion with us, without some danger to the stability of the social structure. But we cannot stand still. Move we must or perish. The need for social insurance is being universally recognized. The principle of social protection is winning the day against the anarchy of individualism. The work of social organization, however, is only beginning; it must be vigorously pushed forward; for in our changing world that is the price of lasting progress. The premium paid for social insurance is small compared with the risks that confront humanity if it refuses or is unable to master the forces of production at its disposal and distribute the product fairly.

In concluding these few remarks, I think we should take a vote on this question and make it clear beyond the possibility of doubt that this house stands solidly behind the government in support of a plan of unemployment insurance national in scope. The unanimous endorsation by this house of the principle expressed in this resolution would do much to strengthen the hands and, I hope, the determination of the government to press forward with unemployment insurance with all speed. At the very root of the friction and bickerings which menace the unity and progress of our country lies the fear engendered by poverty and insecurity. When the people of this dominion are linked together, not by a legal constitution but by common economic and social ties, when they begin to look to the federal government as the seat of authority and the centre from which they can expect guidance in solving those problems which face all the people, they will quickly begin to acquire that attitude and outlook so essential to national unity and nationhood.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. THOMAS REID (New Westminster): Mr. Speaker, in rising to speak on the resolution introduced by the hon. member for Comox-Alberni (Mr. Neill), let me say at the outset that as one who has been long an advocate of unemployment insurance I am pleased indeed to support the motion now before the house. In doing so, however, I am of the opinion that not only is the time opportune for the government to consider contributory unemployment insurance, but in view of the seriousness of conditions prevailing throughout Canada to-day the government should also give some consideration to a policy of contributory social insurance, with the further object of widening our present old age pension scheme. This would take care of the great numbers of our citizens between the ages of sixty and seventy who not only find themselves destitute but will, I fear, never again have an opportunity of maintaining themselves, and so must of necessity depend upon the state, either municipal, provincial or federal, for even the bare necessities of life. These deplorable conditions are largely the result of our economic system, over which they have no direct control.

Time will not permit me to deal as extensively as I should like with every aspect of the serious economic problems confronting us to-day. I intend, however, during the short time at my disposal to deal with one or two of our most important problems, and especially dealing with the lack of social security, and before closing my remarks, to offer certain suggestions.

Briefly speaking, the hazards of modern life to-day are largely these: Unemployment, sickness, death of the bread-winning member of the family, and old age. Regarding unemployment and loss of wages as a result of injury, and so on, it is not my purpose to deal at great length with injuries to workmen which have invariably accompanied industry. For the employed the risks and hazards have been and are taken care of, in most of the provinces of Canada to-day, by way of workmen's compensation. In passing, however, it should be noted that the casualties of modern industry, particularly on the north American continent, exceed the casualties of actual war.

The late Doctor Downey, speaking on this matter, stated in his book on workmen's compensation in 1924, that the total casualties of the American expeditionary force in the world war did not equal the casualties of workmen in peaceful employment between 1917 and the signing of the armistice in 1918. He declared, further, that the toll of life and limb enacted by United States industries during the second decade of the twentieth century exceeded that nation's losses in battle from the declaration of independence to the present date. Those are appalling statements and show to how serious an extent modern machinery has increased the frequency and severity of accidents, beyond all previous experience.

The machine has revolutionized our social as well as our economic system. Let me briefly illustrate this: Fifty or more years ago most Canadians could count on maintaining themselves, either on a farm or in a small business, until they were seventy or seventy-five years of age. A man with the aid of his family could and did carry on his work so long as

he had the strength to get around. Artisans in those days were craftsmen, and in many crafts owned and controlled the machinery of production.

Such conditions, however, do not now exist. It is indeed interesting to note that even Canada, in keeping with other countries, is gradually becoming an industrial country. The population of Canada is leaving the farm for a life in industry or in the city. As evidence of this statement I quote the following figures: In 1871, seventy-five per cent of Canada's population was rural, and only twenty-five per cent urban. In 1891 the rural population had dropped to sixty per cent. In 1921 the rural population was only fifty per cent, and for the first time equalled that of the urban population. The latest figures I have, for 1931, show a serious drift from the farms to the cities, the population being forty-six per cent rural and fifty-four per cent urban. To-day Canada's urban population exceeds her farm population by some 700,000, and while the drift has been more or less gradual from 1871 to 1931, it is my belief that the drift from the farms of our country to the urban or city centres from 1931 to the present time has been accentuated not only by the attractions industrial life has for many who live the simple but nevertheless healthy life on the farms, but by the deplorable conditions existing on farms, caused by the extremely low prices prevailing for farm produce, coupled with the high cost of articles the farmer has of necessity to buy.

These unequalled conditions are driving many farmers off the land. As an illustration, in 1926, ten bushels of wheat would purchase one suit of clothes for a farmer; now it requires twenty-five bushels. One barrel or two and a half boxes of apples would buy a pair of ladies' shoes; now it takes two barrels or five boxes. The same will apply in connection with other articles such as milk, eggs, and other types of produce. So long as we raise the cost of living in terms of industrial production and curtail the rewards for farm production, we may expect hard times for everyone.

The labour unions were among the first to attempt to equalize the burden of unemployment, by providing out-of-work benefits and by distributing the costs among the entire membership. Such relief was indispensable to the growth and power of trade unions. In Great Britain the labour unions and friendly societies began to pay allowances as early as the middle of the last century. Between 1897 and 1907 the trade unions of Great Britain distributed nearly $20,000,000, and gave protection to some 1,500,000 trade unionists.

[Mr. Reid.]

Like most forms of social insurance, unemployment insurance went through the stage of voluntary effort, and although some countries still have some system of voluntary unemployment insurance, there are to-day compulsory contributory unemployment insurance schemes in most of the leading countries, including such countries as Great Britain; Germany; New Zealand; Queensland, Australia; Italy; the United States, and many others.

Great Britain, however, as in many other social reforms, was the first country to lead the way. The National Health Act of 1911, the first system of its kind in the world, was one of the finest pieces of legislation passed by any country in this regard. The act has been changed many times since, but generally speaking there has been a broadening rather than a narrowing of the act on behalf of the workers.

In 1935 a total of over 14,500,000 persons between the ages of sixteen and sixty-four, were insured in Great Britain, with an expenditure of over $600,000,000 going to the unemployed alone. It is worth while noting, in passing, that two of the most highly industrialized countries of the world to-day, namely the United States and Canada, have done less by way of insurance for their workers than any other country. This is certainly not to Canada's credit.

There is one form of social insurance prevalent in both the United States and Canada which I think it would be advisable at this point to mention. I refer to the form of private personal insurance against death, a type of insurance described by the high sounding title of life insurance. In a discussion of this kind it is important that life insurance be mentioned, because it has been repeatedly stated—especially by the big interests in this country—that there is little or no need for social or unemployment insurance in Canada because private social insurance of varying kinds is so widely prevalent. Let us examine this phase of social insurance for just a moment or two and see what actual security or protection the people really have in life insurance, so-called.

Life insurance is mainly of two types—ordinary insurance, carried largely by the middle and upper classes, and industrial or burial insurance, mostly carried by the workers and the poorer classes. Studies by the Metropolitan Life Insurance Company in the United States indicate that the death rate among industrial workers between the ages of forty-five and fifty-five is about 43 per cent higher than among men in non-industrial occupations. And when one considers that the average industrial policy, the only kind of insurance

within their means, is around $200, I ask you, Mr. Speaker, what protection is there for those people through that form of insurance?

The primary difficulty with life insurance to-day is its excessive cost. Maxwell Stewart, in his book Social Security states that in the eleven year period, 1922 to 1933, only 18·8 per cent of all ordinary life insurance policies in the United States were closed on account of death or maturity. In other words, four out of every five policies were absolute failures and I venture to say that the percentage of failures of policies during the past eight years has been greater than in the eleven year period mentioned.

Then in connection with industrial insurance policies, since a lapsed policy of this kind provides little or no refund to the policyholder, it is obvious that the poorest sections of our population are thereby deprived of many millions of dollars. It should be noted that only eight out of every hundred industrial insurance policies reached maturity during the same eleven year period. All industrial workers are bitterly aware of their need of social security. Only too well do they realize life's many hazards such as sickness, injury, loss of employment and old age, all entailing much suffering and privation. But the insurance companies deliberately make the contract so unintelligible to the buyer that he knows nothing of what he is getting. Do not forget that industrial policies cost eight times what an ordinary policy costs. In other words, the most extortionist type of protection is reserved for the poorest people.

I think it can be fairly stated that life insurance as we know it to-day, the outgrowth of our industrial age, is not doing the job of providing economic security for the masses of our people. Generally speaking, life insurance as carried on to-day with its high pressure salesmanship, almost compelling policyholders to carry twice as much life insurance as they require or can pay for comfortably, coupled with its excessive cost, is getting to be looked upon in many quarters largely as a racket.

I should like to take up a minute or two at this time to discuss the salaries paid in these companies, which I mentioned a short time ago. The Prime Minister of Canada and the fifteen members of his cabinet receive a total remuneration of approximately $200,000. The President of the United States and ten of his chief executives receive a total of $225,000. The president and ten high officials of the Metropolitan Life receive $684,000. Thirty-nine other officials in the company receive salaries of over $25,000. The New York Life is in a somewhat similar position, the same number of high officials receiving $604,000 as against the $200,000 paid to the Prime Minister and cabinet of this country.

There is another important point to which I should like to direct the attention of the house. I think it is well worth noting that the total number of life insurance policies in force in this country is a little over 6,000,000, representing insurance in force amounting to over $6,000,000,000. There are 988,000 policies in Canadian companies held by persons who live outside of Canada and who are insured for the enormous sum of $3,000,000,000. Last year Canadian insurance companies collected nearly $200,000,000, and in addition $116,000,000 was received from people living outside this country. These people, as I say, have invested in Canadian life insurance to the extent of some $3,000,000,000. These figures are interesting. The fact that these people have invested such large sums of money in this country shows, I believe, their confidence in Canadian affairs.

When we consider that the total amount of money paid to life insurance companies last year was $315,555,682, which companies are carrying insurance to the stupendous total of $9,500,000,000, is it any wonder that questions are being asked in many quarters about the investments, the costs, the mortality rates and the high executive salaries of the life insurance companies? An agitation is going on in the United States to have an inquiry by the securities and exchange commission into life insurance investments. When one considers how the activities of these companies have permeated the life of this country and of the United States; when one considers the great political and financial powers they now exercise, it might be a good idea for the Canadian government also to hold such an inquiry.

I believe that the enormous sums of money now paid by the people to the insurance companies would, if paid into the treasury of Canada, go a long way, if not all the way, toward providing unemployment and health insurance, and in addition, this money would, I believe, provide adequate maintenance pensions for all our aged people, either at sixty or sixty-five years of age. Let me give one illustration, and I speak of my own province. Last year the payrolls of British Columbia amounted to $250,000,000, roughly speaking. If six per cent of that were to be taken by the provincial government, it would amount to $15,000,000. If that practice were followed over a course of years, I believe it would entirely wipe out the debt of the province as well as take care of unemployment insurance requirements.

So far as insurance for the masses is concerned, Canada is one of the most backward nations in the world. At the beginning of the depression in 1931 nearly every country in Europe had some form of social insurance. At the present time forty-three nations provide old age security, thirty-two of them operating under contributory insurance schemes, eleven, including Canada, operating under non-contributory pension schemes, while one country, Japan, still relies on voluntary state insurance. Of the eleven countries operating under non-contributory schemes, five in addition to Canada have set the age limit at seventy years; three have set it at sixty-five years, one at fifty-five years and, strange to say, one other country, Newfoundland, has set it at seventy-five years. It should not be overlooked that some countries provide for a lower age limit for female workers. Of the thirty-two countries which operate contributory schemes, the majority have set the age limit at sixty-five. As I pointed out, some countries provide for women at the age of sixty years. Twenty-five countries now have compulsory health insurance, while fourteen countries pay family allowances. Unemployment insurance schemes now exist in some twenty-two countries, of which schemes fourteen are compulsory.

We sometimes hear hon. members extol Sweden as an outstanding example of what a country can do for her workers. To me it is at least passing strange that we have heard nothing from these members about the country which has given more sane philosophy to the world and has done more for her workers than any other country, namely, Great Britain. In saying that, I am not unmindful of the fact that other countries than Great Britain, for instance, Sweden and New Zealand, have endeavoured to alleviate the lot of their workers. But, Sweden, that country referred to so often by hon. members on the other side, does not surpass, if indeed she equals Great Britain in what she has done on behalf of the masses of her people. For example, the Swedish system of company towns, of which we have heard such a great deal, may be all right for Sweden, but they are still company towns. We must not forget that Sweden of all countries benefited most from and during the great war. Her unemployment figures in 1933-34 amounted to 189,229 out of a population of 6,000,000. Those are unemployment figures only. Again, Sweden certainly has had more labour trouble and strikes than almost any other country in the world. According to Marquis Child's book, This is Democracy, published in 1938, from 1927 to 1936 Sweden lost 1,818 man-days per thousand workers as against 791 in the United States and only 333 in Great Britain. And would anyone say that Sweden's cooperative stores were better than those in existence throughout Great Britain to-day?

I want, however, to deal more particularly with our own conditions and our present system of industrial life with its highly mechanized mode of production. The workers are now finding it increasingly difficult, on account of the comparatively few years during which they are employed, to lay by any reserve for their old age, not to speak of sickness and other drawbacks. What manufacturer or what employer of labour these days cares to hire men fifty-five or sixty years of age?

Let us examine the position of the wage-earner. In 1937, the latest figures I have, the number of wage-earners in Canada totalled 2,706,000. In the manufacturing industries the total number of workers was 594,359. Note here a very interesting comparison. In 1890 there were in Canada 75,961 manufacturing establishments with a capitalization of $353,000,000, giving employment to a total of 369,564 employees. Just see what has taken place in the interval. In 1936 the number of establishments in Canada had dropped from 75,961 to 24,202, while the capitalization had increased from $353,000,000 to $3,271,263,000. Mark now the average wage. In 1890 the average wage for industrial workers was $1,321, as against $896 in 1936, and if one considers how the cost of living has increased one will see now increasingly difficult it has become for the workers, receiving lower wages, to lay aside anything to provide for themselves in old age. According to the Canada Year Book, taking 1913 as 100, in 1914 the cost of all items was 103, while in 1936 the cost of all items had risen to 127.

For a moment I want to mention something about the income structure, because I have heard some manufacturers say, "Why, the workers are getting more per hour to-day than they were getting five or ten years ago." I should like to place on record the results of an analysis made in the United States by the Brookings Institution, as given in a book entitled The Income Structure of the United States. I think these results which are summarized in a table appearing on page 122 apply equally to Canada. I quote:

> Before we examine the structural changes in the earnings of the steel workers, let us note that the average hourly earnings for the group in question were 68·5 cents in 1929 and 72·4 cents in 1935—

The house will note that the hourly rate had gone up; but the average weekly earnings,

which in 1929 were between $33 and $34, had fallen to $24 in 1935. The book continues:

This illustrates again the inadequacy of wage increases unless they are accompanied by reasonably full employment. For the workers in the seven departments of the steel industry the rise of more than five per cent in hourly earnings was accompanied by a drop of 28 per cent in weekly earnings.

In a book which I am sure every hon. member has received, called Canada To-day, by Professor F. R. Scott, there is a very interesting fact noted in connection with the income tax paid in Canada. That tax begins at $1,000 for single persons, and a married man with two children pays income tax on earnings of more than $2,800. In 1936 there were 199,102 Canadians who paid income tax. Less than twelve per cent of these were receiving more than $5,000 a year. An estimate made of the distribution of total national income among all wage and salary earners, based on census and income tax returns for 1931, showed some interesting figures. The totals are given in this book, but I have not time to read them all. The table shows, however, that the 11,000 income receivers at the top had as much income as the 400,000 at the bottom of the social scale. To my mind, Mr. Speaker, that at least illustrates the position in which great numbers of industrial workers find themselves to-day.

Speaking about the matter of old age pensions, the wide acceptance of old age pension legislation throughout the entire world is worth noting. Prior to the beginning of this century only five nations, with approximately one hundred million inhabitants, had any form of aid for their aged wage-earners. To-day forty-three countries with a combined population of well over seven hundred million give protection to their aged citizens, and, as has been pointed out already, thirty-one countries are on a contributory basis. The trouble with many people to-day is that they consider this problem only in terms of relief. From the point of view of the aged themselves there is a vast difference between the right to a pension as it applies to a pension scheme, where the applicant has a legal right as a contributor to participate, and a non-contributory old age pension scheme such as we have in Canada, where no assistance is granted unless the applicants acknowledge their poverty and submit to an investigation into their private and personal affairs. The truth of this is so apparent and so well known that it need not be further elaborated. There is a further fact which should not be forgotten. Even though the aged have no means left they may still have some moral and justifiable pride, which splendid virtue I maintain is well worth preserving and retaining.

In view of the antagonistic attitude of certain provinces of Canada against the suggestion or proposal that the federal government should be allowed to proceed with unemployment insurance in those particular provinces, I would suggest to the government that the policy adopted by the United States in 1936 in connection with the Social Security Insurance Act be studied as one which might be put into practice by the federal government of this country. When that legislation was first proposed in the United States the same constitutional question was raised there that we have had raised here. The federal government of the United States got around that objection, however, in much the same manner that we got around objections to the old age pension scheme back in 1928. The United States government set up a fund amounting to over $143,000,000, and told the various states of the union that this money was available for certain security schemes. I have not time to go into them all in detail, but briefly they were these: Old age pensions; unemployment compensation; dependent children's allowances, maternity, child welfare and crippled children; child welfare services; pensions for the blind; vocational rehabilitation and public health. To-day forty-four states have unemployment insurance; forty-six, old age pensions; twenty-five, pensions for the blind; and it is expected that before long all will be participating.

In passing the federal social security act, the federal government of the United States has, I believe, copied the principle put into effect by the Canadian government when in 1928, under Liberal administration, they passed the present Old Age Pensions Act, which act, I maintain needs complete revision. If the people of Canada had waited until the federal government had had the consent of every province before putting into effect old age pensions, it is very doubtful indeed if old age pensions would be in effect throughout Canada to-day. There is no reason why the same course that was followed in 1928 in regard to old age pensions could not be followed now in regard to unemployment insurance, and I am so suggesting.

I should like to have the government go further, however, and consider, when they are at it, the entire question of social security, including not only contributory unemployment insurance but also old age pensions for all eligible Canadian citizens commencing not later than at the age of sixty-five, similar to what has been done in Great Britain and more recently in the United States and New Zealand. I believe, Mr. Speaker, it is high time we took a more realistic view instead of

a mere statistical view of our present economic situation. After all, statistics do not always reveal the actual situation.

Great Britain was the first nation to take a long term realistic view of her internal affairs and so saved that country from internal disorders if not from actual revolution itself. Recognizing that insecurity is inherent in the modern industrial business structure, Great Britain provided economic security for her people through an elaborate social system. As a result Great Britain spent for social insurance, including payments to the unemployed, the sick, the injured, the aged and the widows and children, a total of $1,369,000,000 in 1933. By this means Great Britain has preserved and is preserving the British democratic form of government, thereby giving renewed faith and inspiration to the British people in their own system of democratic government, something which I fear we might be in some danger of losing in Canada to-day.

Unfortunately the blind greed and stupidity of our business leaders and some of their political allies fail to recognize the growing storm of discontent gradually creeping over Canada to-day.

Relief, it is true, is being provided on a scale hitherto unknown in this country, but in the giving of relief even under the most favourable conditions and even though essentials of life are provided it should not be forgotten that relief violates man's most valued possession—his self-esteem.

The question of social security to my mind does not and should rest not entirely on economic grounds but on humanitarian grounds as well. What great value should be attached to any economic system if it cannot adequately meet the needs of all her people.

The system adopted by that great and wise nation Great Britain, one of progressive taxation and an adequate system of social security, is one of real merit and one well worth while considering and adopting. Our system, although somewhat progressive, has brought about no re-apportionment of our wealth; in fact, it has put and is to-day putting more wealth in the hands of the wealthy and making the poor even poorer.

The insecurity of our people to-day in the face of the hazards of modern life, with unemployment the chief hazard, menaces more than mere national prosperity. It endangers the very existence of our social order.

In closing, I would express my belief that if a plan such as I have outlined were put into effect, not only would it provide for greater employment of our young people, by removing persons of sixty and sixty-five from the labour market, but it would help to give a greater sense of security to our people and remove from our midst many of the disquieting fears which now confront us.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I shall not take very much of the time of the house on this question. I rise merely to put myself in the position of supporting the resolution. The whole matter has been very thoroughly discussed here this afternoon by various speakers. The hon. member for Comox-Alberni (Mr. Neill), who moved the resolution, and the hon. member for Davenport (Mr. MacNicol), who seconded it, dealt with it in detail. Others have also discussed the whole subject very fully. The hon. member who has just taken his seat (Mr. Reid) covered a little wider ground, by taking in old age pensions and social security in general; but whatever he does, the hon. gentleman has two qualifications which I rather like; one is industry and the other is the burr in his voice. One does not need to hear the skirl of the bagpipes when the hon. gentleman is speaking, because one knows at once whence he came and the kind of food on which he was brought up—porridge, mostly, I mean.

As the resolution is brief and covers the ground very fully, and since a good many other matters have been touched upon by various speakers in the course of the debate, I will take the liberty of reading it:

> That in the opinion of this house, a national system of contributory unemployment insurance for Canada is a pressing need at the present time and should receive immediate attention.

I think it deserves the support of us all; and to show that our party is in good faith in supporting it I can adduce two very good proofs. One is the act which we put in force when this party was in power, in 1935, although the act was later pronounced *ultra vires;* the other is the resolution of the National Conservative convention held last July; it is brief, so I will read it:

> To encourage and support throughout Canada a plan of national unemployment and retirement insurance.

That is a plank of our party's platform. The legislation we put into effect, and which was assented to on June 28, 1935, was, to quote the title:

> An act to establish an employment and social insurance commission, to provide for a national employment service, for insurance against unemployment, for aid to unemployed persons, and for other forms of social insurance and security, and for purposes related thereto.

It is chapter 38 of the statutes of Canada, 1935, 25-26 George V. That legislation covered other ground than unemployment insurance.

For example, section 7 points out that the commission which was to be appointed shall, in addition to its powers and duties as otherwise provided by this act—

—as soon as practicable after appointment, undertake investigations for the purpose of making proposals to the governor general in council for—

—various other matters, such as:

—providing unemployment insurance for the employments excepted from the operation of part III of the act.

And so on. On the next page provision is included for training of the unemployed—something which has been taken up by this government to a certain extent in recent times. In part II an employment service was proposed. I will read section 10:

The commission shall organize an employment service for the Dominion of Canada, in manner hereinafter provided, and shall be responsible for the constitution and management of such employment service and the direction, maintenance and control of all employment offices established as hereinafter provided.

That is very much what was proposed, I believe, by the Purvis commission, although not carried out by the government.

This resolution is in accord with the act as we passed it, because it makes insurance contributory. Section 17 states:

(1) The funds required for providing unemployment benefit and for making any other payments which under this act are to be made out of the unemployment insurance fund, established under this part of this act, shall be derived partly from moneys provided by parliament, partly from contributions by employed persons and partly from contributions by the employers of those persons, which contributions shall be paid by means of revenue stamps as hereinafter provided, or otherwise as may be prescribed by the commission.

That is all I shall quote from the act, which is a very complete one. Quite frankly, at the time of its passing I was not as familiar with it as I might have been. It was handled through the Department of Labour, then under Hon. W. A. Gordon, and at that time I was minister of railways. Nevertheless I well remember long discussions in council, prolonged disputes about certain industries which insisted upon being exempted from the provisions of the act. At the same time the whole act is so complete that when this government finally decides to bring into effect legislation along the lines of the resolution, it might well be based upon the act of 1935, with, possibly, modifications to meet some changed conditions.

I do believe that had the act as passed been put into effect, leaving a private individual to bring it before the courts, it would still be in force. If, instead of being submitted to the courts for decision, that act had been placed in operation, it might still be operating to-day. When something is a *fait accompli*, it is rare that action is taken against it unless it is distinctly injurious, and this is not an injurious measure. I believe unemployment insurance will have to be brought into operation in the near future, whether this government institutes it or whether the successor to this government takes the initiative. I say that because to my mind legislation such as is in force in so many other countries—England, Australia, New Zealand, and the United States more recently, to mention a few—is recognized everywhere as necessary under modern conditions of employment or unemployment as you will, and it must be so recognized in Canada also.

I believe I have made the criticism in this house, as I have done elsewhere, that the trouble with the Canadian people is that we are less advanced than the people of almost any of the modern countries. The most advanced country, as was said by the hon. member who has just taken his seat, is probably Great Britain. I myself have made that statement on many platforms, and I believe that if we were more ready to copy Great Britain in her advanced legislation, as so often we are prepared to copy her in other matters, we should be showing a progressive spirit and putting into effect ideas appropriate to this great country.

We must do whatever we can to bring about security for our people. The Minister of Labour (Mr. Rogers) the other day, in offering some criticism of myself, said that I do not propose much that is constructive. On one occasion before the Canadian club in Ottawa—it was a year ago last month—when his leader the present Prime Minister (Mr. Mackenzie King) was present, and when the minister himself, I believe, was in attendance, I did suggest unemployment insurance. That was one of the constructive ideas I put forward at that time, and I offered many other suggestions of a progressive sort on that occasion—so many, in fact, that the present leader of the government came up to me and remarked that I had made the best Liberal speech he had heard. Well, theoretically it was a Liberal speech. The trouble is that this Liberal government is progressive only in theory. Unfortunately it does not go ahead in practice and do what it promises in theory.

The point I wish to make now is that in this democratic British country we must cure the conditions from which we are suffering to-day. If what I have described as the great defect of democracy, unemployment, is

not remedied, then I am afraid that the system under which we live will not last very long. For saying that on a number of occasions in speeches that were more or less political, though I have said the same thing in other speeches, before Canadian clubs and elsewhere, I have been accused of being too radical. I repeat, however, that if we do not bring into effect measures which will cure unemployment, measures which will take care of those who are out of work through no fault of their own, I sincerely believe that this democratic system will not continue. In a country such as this, rich in resources, with a sparse population and a huge area, people will not continue indefinitely to put up with conditions such as those under which they live in Canada to-day, with 800,000 people on relief and practically half a million unemployed. And, personally I do not think that they should.

If the British democratic system, not only in Canada, but in the United States, in Great Britain and in France cannot solve the problems that face these countries to-day, then I do not think it is worth saving. I do not believe in the socialism suggested by the Cooperative Commonwealth Federation. I believe in the present capitalist system properly improved to meet the difficulties that exist under it. As I say, I do not believe in socialism. Rather, I want to see the present economic system, the present British democratic system with its parliamentary and other liberties maintained. But I do not think that this system can be maintained unless we cure the evils which exist under it. To me that is a particularly strong argument for something being done about the condition which we are now discussing.

I know that the attitude the government takes is that the trouble lies with the British North America Act; the trouble is in getting that act changed. Well, I do not think that is necessary. Action could be taken by cooperation with the provinces. Mr. Duplessis, the Premier of Quebec, is one of those who have been quoted as opposing any change in the British North America Act, as is his right, but even he, in the last paragraph of his letter dated December 30, 1937, makes a suggestion to the Prime Minister. In the earlier paragraphs of the letter he opposes any change in the act, but in the concluding paragraph he states:

> In conclusion, again I state that the province of Quebec is willing to cooperate heartily in the establishment of a sound and fair system of unemployment insurance, which could be established on a national scope, without infringing upon the rights and autonomy of the provinces.

[Mr. Manion.]

I assume the Minister of Labour will deal with that. I admit that it might not be as satisfactory as a national system which could be put into effect if a change were made in the British North America Act; but under the circumstances, with certain provinces refusing to consent to any change in the act, I see no reason why unemployment insurance could not be put into effect along the lines suggested by Mr. Duplessis.

Mr. ROGERS: Is the hon. gentleman aware that in August, 1934, I believe, the government of which he was a member did invite the provinces to attend a conference to consider, among other things, the transfer of jurisdiction over unemployment insurance to the dominion parliament? That conference was never held. The government of which he was a member appropriated in a sense the authority over unemployment insurance. In other words, there was an assertion on the part of the government that the power to enact an unemployment insurance scheme lay with the dominion parliament, and it was against that view that the privy council ultimately gave its decision.

Mr. MANION: I have no quarrel with that. I do not remember the incident, but the hon. gentleman is Minister of Labour and I was minister of railways at the time, so that I am not as familiar with that aspect as he might be. But I do not see that his statement changes the facts. Men like Mr. Bennett, who was a constitutional lawyer, Mr. Guthrie, the hon. member for Leeds (Mr. Stewart), the hon. member for St. Lawrence-St. George (Mr. Cahan), who have all studied the problem in its constitutional aspects, apparently came to the conclusion—a conclusion to which naturally I could take no exception, not being a lawyer—that it was within our jurisdiction; and we thought it was; for we put into effect the legislation from which I have quoted. Incidentally, two judges, Chief Justice Duff and Mr. Justice Davis, both gave judgment in favour of it. They are two of the outstanding judges of the Supreme Court of Canada. Be that as it may, it was declared *ultra vires* by the supreme court, and that decision was upheld by the privy council. That being so, without quarrelling about the question of jurisdiction, I say, let us in fairness and honesty, instead of merely expressing so many theoretical and pious platitudes, put the legislation into effect as suggested by Mr. Duplessis. Let us put it into effect, leaving the right to the provinces to join and participate in its benefits. I venture to say that if that were done, all the provinces would in the near future join and cooperate, for the

reason that otherwise they would be contributing and receiving none of the benefits. That, it seems to me, is the way to cut the Gordian knot. I do not want to be critical of the government; this is a question which has been largely acceptable to the house; a great many hon. members from all parties have accepted it. Yet the rather inane—I say that not offensively—reference in the speech from the throne regarding it is not very encouraging. About unemployment insurance the speech contained one little sentence:

> The government have not altered their view that a national unemployment insurance scheme is essential to a permanent policy of meeting the problem of unemployment.

But that does not help the poor fellow who does not have the insurance. That is merely a pious expression of opinion, with which I do not quarrel, but it does no good to the people who want to see unemployment insurance in force. I think the government might well put it into effect, and wait for the provinces to cooperate with them. That is the way it appeals to me. We tried it the other way and our method was ruled *ultra vires*. Let us accept that decision for the time being and try the other method. That is the only suggestion I make. To bring into effect such legislation as suggested in this resolution of the hon. member for Comox-Alberni, would show a real desire on the part of the government to live up to the protestations it has put forth.

Hon. NORMAN McL. ROGERS (Minister of Labour): I should like to begin by congratulating the hon. member for Comox-Alberni (Mr. Neill) upon his unique success with this resolution. It has produced the most harmonious debate we have had thus far in the present session. So far I believe the resolution has received the support of everyone who has taken part in the discussion. I am pleased indeed to be able to give it my support in equal measure; not only that, but I share the hope expressed this afternoon by the hon. member for Vancouver East (Mr. MacInnis) that the reception accorded to this resolution from representatives of all groups in this house may have its due effect in those provinces which thus far have not seen fit to consent to the enactment of a national system of unemployment insurance.

The hon. leader of the opposition (Mr. Manion) referred a moment ago to the events leading up to the present position with respect to unemployment insurance in this country. He alluded particularly, and quite properly from his point of view, to the Employment and Social Insurance Act of 1935. I hope he will acquit me of any desire to recriminate if I refer briefly, as he has done, to the circumstances surrounding the enactment of that act. I interrupted him when I did—he kindly permitted the interruption—simply to make it clear that the administration of which he was a member did not do, when it had the power, what he himself now suggests ought to be done by this administration.

Mr. MANION: We did what we thought we had the power to do.

Mr. ROGERS: It was equally open to his government to enact unemployment insurance in a manner similar to the old age pensions legislation, and in that way avoid any possible question of invalidity of that legislation. It was in August, 1934, that Mr. Bennett, then Prime Minister, sent an invitation to all the provinces asking them to come to Ottawa some time later in the year in order to consider a number of specific questions, including unemployment insurance, minimum wages, hours of labour, and also the employment services to which my hon. friend has referred. The very form of that invitation, the very fact of it, made it clear beyond peradventure that it was the view of the government of that day that the jurisdiction over all these related matters belonged to the provinces. The very purpose of the conference was to induce the provinces to transfer their jurisdiction over these matters to the dominion in order that the dominion might thereafter introduce legislation which would not be declared invalid by the courts.

This matter has come before the house on other occasions. I remember putting the question directly to Mr. Bennett last year as to when and why he changed his mind as to the proper jurisdiction over these questions. Immediately after sending that letter to the provinces Mr. Bennett went to Geneva to attend the assembly of the League of Nations. While he was away, there took place in this country what has become known as the little general election. There were five by-elections, and it happened that they all went against the then government. My hon. friend's colleague, the hon. member for Kootenay East (Mr. Stevens) was also extremely active at that time and was making a special appeal to the wage-earning population of this country. Whatever the reasons may have been, we all know, and my hon. friend will recall, that shortly after Mr. Bennett's return the country was startled by a series of radio addresses, in which there was a complete volte-face on the part of the government with respect to its previous views as to where jurisdiction over these industrial matters properly lay.

Following those radio addresses we had introduced in the session of 1935 a series of

enactments with respect to matters which prior to that time had always been regarded as falling properly under provincial jurisdiction. I have said that I want to deal with this question without recrimination; but I think it is only fair that when we consider the present position with respect to unemployment insurance we should realize that actually in 1935 there was an unwarranted appropriation of provincial authority by this parliament, and that appropriation of authority undoubtedly set up in the provinces repercussions which even until this time have had their effect in producing what, in my opinion, is an over-emphasis upon what is generally termed provincial autonomy. The provinces had some grounds for feeling that the dominion parliament in that 1935 program of legislation had without justification appropriated authority which, by practice, precedent and judicial decision, had always been regarded as belonging to the provincial legislatures. In other words, the Employment and Social Insurance Act of 1935 fell because it was not built upon the rock of constitutional validity. It fell—and I suggest this not unkindly—because it was built upon the sands of political expediency.

When the 1935 legislation came before this house it received in principle, as far as unemployment insurance was concerned, the complete support of every group. The Liberal opposition of that day took the ground that before we entered upon unemployment insurance, and set up an elaborate organization for the administration thereof across the entire country, the validity of the legislation should be determined beyond any question. So, although the legislation, as I say, was accepted in principle, due notice was given on behalf of the Liberal opposition that if there should be a change of government, the question of the validity of the Employment and Social Insurance Act and the other statutes to which I have referred should be submitted to the Supreme Court of Canada and subsequently on appeal to the Judicial Committee of the Privy Council. That course was followed.

I suggest to the house that everything that happened subsequently confirmed the wisdom of that decision. I put this to hon. members, and I do so sharing fully the views which have been expressed here this afternoon in support of unemployment insurance: Would it have been wise; would it have taken us far forward if we had set up an elaborate administrative organization to deal with unemployment insurance throughout this country, requiring industry in every province to gear itself to that new legislation, and then discover a year or two or three later that the entire structure was a house of cards?

Mr. HEAPS: You said that about old age pensions, at first.

Mr. ROGERS: So far as old age pensions are concerned, the hon. member is aware that an entirely different principle is involved.

Mr. HEAPS: But the principle of the provinces coming under the act was also declared at that time by certain lawyers to be entirely wrong and unconstitutional.

Mr. ROGERS: So far as unemployment insurance was concerned, there was a direct assertion of dominion authority. The hon. member surely will not quarrel with my statement when I remind him that what had previously been assumed was later confirmed, not merely by the judicial committee of the privy council at Westminster, but also by the Supreme Court of Canada.

Mr. MANION: With two dissenting votes.

Mr. ROGERS: Very well; the court divided four to two against validity of that legislation. Surely it is clear that upon the facts as we know them to-day, it would have been folly for this country to have proceeded with unemployment insurance, as suggested by the hon. member, without having the question of validity determined beyond any possibility of question or dispute.

To determine first the question of validity was the policy of this government, and I submit that policy has been fully confirmed by subsequent events. Once the supreme court had given its decision, a decision which was confirmed on appeal to the judicial committee of the privy council, we were confronted with a new situation. May I remind the house that the judicial committee of the privy council went very far in its refusal to admit federal authority over unemployment insurance. The hon. member for St. Lawrence-St. George (Mr. Cahan) is not in his seat to-night, but hon. members will recall that from that decision he has drawn the conclusion that this parliament cannot lawfully even vote funds to the provinces for their assistance in the distribution of unemployment relief. That is simply an indication of the extent to which the judicial committee of the privy council refused to admit that the dominion parliament had legislative authority to deal with unemployment insurance and related questions.

With that decision before it, as I have said, the government might have followed one of three courses. We might have said, "The

highest court of appeal has declared that the jurisdiction over unemployment insurance belongs to the provinces." That being so, we might have said, "Let the provinces exercise their authority." The second course was this: We might have encouraged the provinces to exercise their authority to deal with unemployment insurance by offering to subsidize provincial schemes of unemployment insurance. The third course was this: Of our own motion we could request the co-operation of the provinces in securing a constitutional amendment which would rectify the defect of the previous legislation, and give to this parliament exclusive authority to deal with unemployment insurance.

The course we followed was the last one. I have indicated, and I believe, that in adopting this policy, the policy of seeking the cooperation of the provinces to secure a constitutional amendment which would enable us to bring in a national scheme of unemployment insurance, we had not only the support of all groups in parliament but the support generally of the people of this country.

I am going to indicate first of all the nature of the invitation sent to the provinces in order to secure their cooperation. On November 5, 1937, a letter was sent by the Prime Minister (Mr. Mackenzie King), which at this time I should like to place on record. I do so because I may have occasion to refer to it later. A letter in identical terms was sent to all the provinces at the same time:

Ottawa, November 5, 1937.

My dear Premier:

My colleagues and I are convinced that a national system of unemployment insurance would contribute materially to individual security and industrial stability throughout Canada, and would assist in mitigating the distress incident to any recurrence of widespread unemployment. A strong recommendation with respect to national control of employment offices, based upon a full investigation of the unemployment situation thorughout the dominion, has been submitted to the government by the national employment commission. We share the opinion that a national employment service within federal jurisdiction is a necessary complement of any plan of national unemployment insurance.

We believe it is most desirable that legislation establishing a national system of unemployment insurance and of public employment offices should be enacted. Should it be possible to obtain the cooperation of the governments of the several provinces toward this end we are prepared, at the next session of parliament—

That was the last session.

—to introduce the necessary measures.

You will recall that on January 28, of this year, the judicial committee of the privy council gave a negative opinion upon a reference as to whether the parliament of Canada had jurisdiction to enact the Employment and Social Insurance Act, 1935. Close attention has since been given, by officials of the dominion government, to the resulting situation. We have also had the benefit of the counsel and advice of a member of the staff of the international labour office, who is familiar with existing systems of unemployment insurance, and who has been placed at the disposal of the government for purposes of consultation by the international labour office.

It appears to be the general concensus of view that unemployment insurance, if it is to be effectively carried out, should be national in scope. In view, however, of the limited jurisdiction of the parliament of Canada, an amendment to the constitution would seem to be a necessary preliminary to the establishment of a national system.

In these circumstances I am writing to the premiers of the several provinces to inquire whether their governments would be agreeable to an amendment being made to the British North America Act empowering the federal parliament to enact unemployment insurance legislation. I shall be obliged if, at your early convenience, you would kindly advise me of the views of the government of—

And so on.

That letter went out in the late autumn of 1937 in order that with the cooperation of the governments of the provinces the necessary legislation might be introduced at the forthcoming session. I shall not quote in detail the replies received from the several provinces to that request for cooperation, but I believe I might summarize the situation briefly.

Six provinces, namely, British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia and Prince Edward Island, gave their full consent to a constitutional amendment in the terms indicated in the letter I have just read.

Three provinces, namely, Alberta, New Brunswick and Quebec, declined for various reasons to give that consent. Again, without quoting from the letters received from the provinces, I think I shall not be misinterpreting their position if I say that Alberta took the view that no constitutional amendment was necessary to authorize the dominion parliament to introduce a national scheme of unemployment insurance. Certain extraneous questions were also introduced in the letter from Mr. Aberhart in connection with the financing of the scheme, but I shall not enter upon that subject to-night.

New Brunswick took the view then and later that the transfer of jurisdiction over unemployment insurance from the provinces to the dominion parliament might take place more appropriately in connection with such general readjustments of constitutional relations as might follow the report of the royal commission on dominion provincial relations.

I come now to Quebec. The leader of the opposition has quoted from the letter received from Premier Dulplessis. He is quite right in saying that in his letter of December 30, 1937, Mr. Duplessis expressed in very general terms his willingness to cooperate in what he described as a sound and fair system of unemployment insurance, which could be established on a national scope, without infringing upon the rights and autonomy of the provinces. But that was not the only reference made by Premier Duplessis to the request made by the dominion government for the cooperation of the provinces in this matter. Broadly speaking, Mr. Duplessis took the ground, very soon after that letter was sent, that the request made by the dominion government was an encroachment upon provincial autonomy.

This whole question has been discussed today in a spirit of moderation, and I do not propose to depart from that in what I am now going to say. At the same time, surely it is preposterous to suggest that a courteous request for cooperation for the national good is an encroachment upon provincial autonomy.

Mr. MANION: Would the minister mind telling us where Mr. Duplessis took that attitude?

Mr. ROGERS: If my hon. friend will permit me I shall do so. I have a number of clippings before me, but I shall select only two. I shall quote from a report of a delegation representing large bodies of workers in the province of Quebec which met Premier Duplessis. This was a delegation from the Trades and Labour Congress of Canada, and the report reads:

Premier Duplessis reiterated his stand against any constitutional amendment to set up the insurance plan.

He declared the Quebec government was "ready to cooperate with Ottawa" to establish insurance but would forsake "none of its rights to do so."

"We are not going to be assimilated by the federal government, and while I am premier that will not be done through any sacrifice of provincial rights," the premier asserted.

Mr. MANION: That is not any contradiction of his letter. I think in justice to Mr. Duplessis, his whole letter should be placed on *Hansard*. After all, it is the official correspondence.

Mr. ROGERS: With the consent of the house, I am quite ready to have the letter from Mr. Duplessis placed on *Hansard*. The letter reads:

[Mr. Rogers.]

Quebec, December 30, 1937.

Right Hon. W. L. Mackenzie King,
P.C., LL.D., K.C.,
Prime Minister of Canada,
House of Commons,
Ottawa.

My dear Premier:

Your answer to my letter dated November 22nd was handed to me on the day of your departure for your recent holidays and I preferred to await your return before replying.

In your second letter, you repeat the views you expressed in your first one, adding that you are convinced that enabling or concurring legislation would be uncertain and unstable.

Old age pensions—one of the many similar instances—which you enacted and enforced and which was approved and amended by your successors in office, a few years later, is based on enabling legislation.

Moreover, as stated previously, there are also other ways of realizing unemployment insurance which would safeguard provincial autonomy. If enabling legislation, as you declare, is uncertain and unstable, what do you think of the stability and certainty of a federal legislation on unemployment insurance which could essentially be changed or modified, every year, by the federal parliament?

The government of the province of Quebec considers that the best elements of stability and certainty are within the British North America Act and that it is much safer to preserve the stability of the constitution.

In conclusion, again I state that the province of Quebec is willing to cooperate heartily in the establishment of a sound and fair system of unemployment insurance, which could be established on a national scope, without infringing upon the rights and autonomy of the provinces.

Yours very truly,

M. L. Duplessis.

My point is that this matter was subsequently brought before Mr. Duplessis by a delegation of workers in the province of Quebec. Mr. Duplessis and others have referred to it in the course of political addresses, and I do not think I am misinterpreting the situation when I say that there has been a definite attempt to interpret this request on the part of the dominion government as an encroachment upon provincial autonomy. It has been my point, and I press it again, that there has been no coercion. There has been merely a courteous request which was addressed in identical terms to all the provinces to bring about legislation which we believe would be for the general good and which, after all, was designed not to impose a further burden upon the provinces, but rather to relieve the provinces of burdens which they now have to bear. That was the actual situation.

It is true that Premier Duplessis has taken the ground that the province of Quebec would be willing to cooperate in some scheme in which provincial administration would be retained intact, but there has been no development of that idea to the extent which would

permit the dominion government to assume that a nation-wide system of unemployment insurance could be established on the basis proposed by Mr. Duplessis.

Mr. WOODSWORTH: Does the minister assume that the dominion government must be blocked indefinitely because of the attitude of one group in one province?

Mr. ROGERS: I am not sure how my time is passing, but I think I shall have an opportunity to answer that before I have finished. I mention Quebec at this point because it is one of the great industrial provinces of the dominion, and naturally its views are of particular importance at this time. I find it difficult to understand why Premier Duplessis, speaking for his government of course, should take a position of opposition to a national scheme of unemployment insurance. He is not speaking for the workers of the province of Quebec when he takes that position. For three years in succession the confederation of Catholic workers have urged the Quebec government to give their consent to a constitutional amendment which would permit the enactment of a national scheme of unemployment insurance. The Trades and Labour Congress of Canada, through its affiliated organizations in the province of Quebec, have made representations along precisely the same lines. Nor has Mr. Duplessis in opposing a national scheme of unemployment insurance been expressing the views of any royal commission set up in his province to consider the interests of the people of Quebec in relation to unemployment insurance. To my knowledge the only commission set up in the province of Quebec to deal with this question was one established in 1933 under the chairmanship of Professor Edouard Montpetit. In addition to this distinguished chairman, there were as members of that commission a number of men outstanding in the industrial and cultural life of the province. I am going to put a list of them on *Hansard* because I believe the views they expressed are those which lie in the hearts of the majority of the people of the province of Quebec in connection with this question. The members of the commission were:

The Right Reverend Georges Courchesne, D.D. (Rome)—
Bishop of Saint-Germain-de-Rimouski; emeritus professor in the faculty of arts of Laval university.

The Venerable Frederick George Scott, C.M.G., D.S.O., M.A., D.C.L. (Bishop's), D.D., LL.D., F.R.S.C.—
Archdeacon of Quebec; rector of St. Matthew's church, Quebec.

John T. Foster—
President of the trades and labour council of Montreal; member of the trades and labour congress of Canada; managing editor of the Canadian Congress Journal.

Gérard Tremblay—
Deputy Minister of Labour, province of Quebec; late secretary general of the national Catholic labour unions.

Alphonse Lessard, M.D., officier de l'instruction publique—
Provincial director of charities and director of the provincial bureau of health; professor of sanitary legislation in the faculty of medicine of Laval university.

Georges-Arthur Savoy—
President of the Dominion Blank Book Company, Limited, St. Johns, Quebec; president of the Quebec division, Canadian Manufacturers' Association.

That was the commission on social insurance which made its report in 1933. The conclusions of the commission are very brief, and I shall place them on *Hansard*. They were.

1. The social insurance commission believes that unemployment is a problem above all national and international in character, with respect both to its causes and the remedies which it demands.

2. Unemployment insurance, although, according to the law, it falls under the jurisdiction of the provinces, and although in theory it is applicable within the provincial administration, cannot, for the reasons offered in this report, be efficiently organized except in a nation-wide manner.

That represents the considered views of a royal commission set up in the province of Quebec to consider this question. May I remind the house that so far as I am aware the chairman of that commission which gave that opinion has not in any way given any public expression of alteration of that opinion. Quite recently he was chosen by Premier Duplessis as the chairman of a taxation commission within that province. It is quite evident that that previous commission was not and could not be regarded as being in the nature of a partisan commission.

Mr. WERMENLINGER: What was his name?

Mr. ROGERS: Professor Edouard Montpetit of the university of Montreal.

May I say this further, again because I find it difficult to understand the basic reasons for this alleged opposition of the province of Quebec to a nation-wide scheme of unemployment insurance: There are those who in one breath say, and are saying, that unemployment is a national problem, and who in the next breath are ready to refuse to give the dominion power to deal with unemployment by the method of insurance. It is extremely difficult to understand the consistency of those two points of view expressed, as I have said, in the province of Quebec.

Before I pass on may I make this clear. I have suggested that in this matter surely no real question of provincial autonomy is at stake in Quebec more than in any other province of Canada. I have the greatest respect for the rights which attach to minorities in this country. Those rights had their ancient origin in the capitulations of the treaty of Paris, in the proclamation of 1763 and later in the Quebec Act of 1774. They have been confirmed time and again in this country, and I feel that there has never been any real question as to their being regarded as fundamental guarantees. But this question of the transfer of jurisdiction over unemployment insurance from the province to the dominion surely does not touch even remotely the question of the rights of minorities in the province of Quebec.

Mr. WOODSWORTH: The rights of majorities.

Mr. ROGERS: Time alone will tell as to that point. For these reasons I am not persuaded that, in those provinces which thus far have not consented to give their approval to a national scheme of unemployment insurance, that view will continue to prevail. I believe the views expressed from all sides of this house to-day and possibly the unanimous acceptance of this resolution will have their effect in the provinces of Quebec, New Brunswick and Alberta.

Mr. WOODSWORTH: Would the minister answer the question as to what the government proposes to do under the circumstances?

Mr. LAPOINTE (Quebec East): Let him tell it.

Mr. ROGERS: I am coming to that. In the course of this debate, Mr. Speaker, it has been suggested that in the present circumstances it would be sound policy to depart from the position which we believe was soundly taken a year ago and retreat to a position which even my hon. friend would agree is not as good for the defence of the working classes of Canada. I will develop that in a moment. It is suggested that we should give up all efforts to enact a national scheme of unemployment insurance, accept the proposals of the three provinces which thus far have declined to give us their cooperation, and subsidize by federal grants-in-aid separate provincial schemes of unemployment insurance, which every expert to my knowledge who has studied this question has condemned as being so much worse than the other system as to justify us in waiting if necessary, even though we are impatient—and who could be more impatient than a minister of labour in the face of the present situation—in order that public opinion in this country may have its ultimate effect in bringing about that degree of understanding of the real purpose and value of unemployment insurance which will enable us to proceed with a national scheme.

I have not time, I am sorry to say, to indicate all the disadvantages of the separate provincial systems, but I am going to indicate a few, and some were given by the provinces themselves. In the factum of the province of Ontario before the Supreme Court of Canada, for example, a number of cogent reasons were given against the adoption of provincial schemes of unemployment insurance. I am going to take them from the factum of the attorney-general of Ontario in the hearing before the Supreme Court of Canada, at page 5. This is from a provincial standpoint too:

1. The whole scheme of unemployment insurance has a pronounced national aspect.

2. Legislation of this character affects international and interprovincial trade and the maintenance of equitable relations between provinces.

3. If various provincial schemes are adopted instead of a national scheme, it would disturb the equilibrium of industrial relations in the various provinces; labour would naturally be inclined to go to the province where such legislation was on the statute books, and on the other hand, it is possible that employers would prefer provinces where they would not be forced to contribute to such a scheme.

4. It is undesirable that there should be attempts to attract capital to one province rather than another by saying there is unemployment insurance in this province, but in that province there is not.

The scheme is to have one measure in the national interest so that there may be freedom of trade, uncontrolled as far as legislation is concerned. The purpose of the legislation is the necessity of having it extend to every part of the dominion; the necessity of having uniform legislation so that benefits of the same character may be conferred alike upon all the people of the dominion in all the provinces, making for uniformity of law for the common good. The living and working conditions of the people of Canada are of national concern. Those, I submit, are cogent reasons against a retreat to provincial schemes of unemployment insurance while there is yet ground for hope that we may be able to achieve a national scheme; and I have that hope.

I should now like to deal with the United States. Some members of this house will be familiar with the name of Doctor Bryce Stewart, who was at one time a member of the Canadian civil service attached to the Department of Labour. In recent years he

has been director of research for the industrial relations counsellors of New York, and has taken an active part in building up the New York administration under the Social Security Act of the United States. In a book published by him a very few weeks ago there is an excellent summary of the advantages and disadvantages of the United States scheme of federal subsidies to state systems of unemployment insurance. I have simply taken from that summary a number of his objections to the United States system, which I believed had special application to our situation in Canada. Those objections are:

The federal-state system—

Mind you, that is what has been impressed upon us as a government to-night by some speakers as an alternative to the method we are seeking to follow:

—offers no solution for the difficult problem of the proper compensation of employees who move from state to state.

The federal-state system will probably preclude the establishment of a satisfactory central system of records; it will not yield uniform national statistics of the insured unemployed and will tend to retard labour mobility between the states.

The Social Security Act does not take into sufficient account the calibre of the personnel in states without civil service. The federal policy no matter how well planned will be difficult of application through the state agencies, since they are only indirectly responsible to federal authority. Many of them operate under the patronage system and pay salaries inadequate to attract and retain a sufficient number of executives and technical assistants of the quality required.

An elaborate, inflexible and costly unemployment compensation organization has been established, consisting of fifty-one separate administrations and overheads in the different states, territories, and the District of Columbia, and superimposed on these systems, a federal organization at Washington and twelve regional offices.

That, I submit, is a most formidable indictment of the present set-up of unemployment insurance in the United States.

Mr. HEAPS: Was it not a case of accepting it in this form or nothing at all?

Mr. ROGERS: I am not so sure as to that. My hon. friend may have greater gifts of clairvoyance than I have.

I should like to come to the final objection written by Doctor Stewart:

The most serious defects of the American plan of unemployment compensation are inherent in the federal-state system and in the tax-offset method, and—

I point this out to my hon. friend.

—until these give way to a national system supported by federal taxes, as they inevitably must, injustices, irregularities and confusion will persist.

I should like to carry the argument a point further. It seems to be assumed that the other provinces of Canada which have consented to the dominion assuming jurisdiction over unemployment insurance would themselves be ready with federal assistance to set up separate provincial schemes of unemployment insurance. There is no warrant whatever for that assumption. The six provinces that gave consent to a national scheme of unemployment insurance did so with the understanding that thereby the dominion was taking over from them a considerable portion of the unemployment burden. But under any scheme of federal subsidies to provincial systems of unemployment insurance I suggest that, at the very least, the costs of administration and of state contribution would have to be divided. Those provinces could not reasonably expect that this dominion would finance entirely the provincial schemes of unemployment insurance. Therefore I think we are justified in saying that there is no warrant whatever for the belief that if we were not able to proceed at this time with a national scheme of unemployment insurance, the alternative suggested by other hon. members, in imitation of the United States Social Security Act, would actually be feasible in this country.

So far as the future is concerned—and I speak now of the immediate future—I have already expressed my hope that a greater understanding of the necessity of unemployment insurance as a part of our equipment to deal with economic insecurity will lead those provinces that until now have declined to give us their cooperation, to alter their view and give us that cooperation which will permit us to go forward as we have been ready to do since more than a year ago.

Premier Duplessis—I regret to say—suggested to a labour delegation a few days ago that the federal government was not sincere in this matter. I should like to say from my place in this house that we have been sincere; that from the moment the decision was taken to seek the cooperation of the provinces the whole record proves our sincerity. We brought from Geneva an expert on unemployment insurance to assist us in drafting a bill, and the bill has now been drafted—

Mr. LAPOINTE (Quebec East): Hear, hear.

Mr. ROGERS: —and can be introduced into this house as soon as we have received from Westminster the power to introduce that legislation and have it declared valid in the courts.

Mr. NEILL: Might I ask the nature of that bill? Is it a bill to present to the British parliament, or is it a bill directly—?

Mr. ROGERS: No, it is really a bill providing for a national scheme of unemployment insurance. It was drafted more than a year ago. I should like to say in all kindness, if I may, from this place to the premier of Quebec that if at any time he has doubted our sincerity it has been within his power to test it.

Mr. LAPOINTE (Quebec East): Hear, hear.

Mr. WERMENLINGER: Might I ask the hon. gentleman a question?

Mr. ROGERS: Certainly.

Mr. WERMENLINGER: From the documents, the correspondence which the Minister of Labour (Mr. Rogers) may have in his possession, could he tell this house on what grounds the premier of Quebec is objecting to the passing of a law whereby there would be unemployment insurance in Canada?

Mr. MICHAUD: He has already taken thirty minutes to answer that.

Mr. ROGERS: I may have failed partly in what I have tried to do, if my hon. friend is not aware of the reasons given, but I have placed on *Hansard* the letter sent by Premier Duplessis to the Prime Minister (Mr. Mackenzie King) in response to the original invitation.

Mr. WERMENLINGER: The labour union?

Mr. ROGERS: No, the letter sent by Premier Duplessis to the Prime Minister of the dominion government following the original invitation. As for other statements made by Premier Duplessis, my hon. friend will, I am sure, find numerous intimations if he will read carefully the press of his own province during recent months.

Mr. WERMENLINGER: No, but I was referring to the last words of the Minister of Labour, that the objection came mainly from the province of Quebec.

Mr. ROGERS: Yes. Well, I have tried to make it clear to the house. I spoke particularly of the objections which have come from the province of Quebec, because unemployment insurance deals with industry, and Quebec and Ontario between them represent roughly about eighty per cent of industrial employment in this country. That is why I have thought it wise to deal particularly with the reasons which it seemed to me supported the view that Quebec should in these critical times march with other provinces in this co-operative method to bring about a national scheme of unemployment insurance.

Mr. WERMENLINGER: I admit that. But if the minister would allow me—

[Mr. Neill.]

Mr. SPEAKER: Order.

Mr. WERMENLINGER: If he does not allow me I will sit down.

Mr. ROGERS: Certainly I will permit a question.

Mr. WERMENLINGER: I have been interested in the last few minutes of the minister's speech to learn that it was mainly from the province of Quebec that the objections came to amending the constitution.

Mr. ROGERS: Correct. That is so.

Mr. WERMENLINGER: Then there must be in possession of the Minister of Labour some documents, some writings, some correspondence, to the effect that Quebec as a whole is objecting to unemployment insurance. I ask for the details.

Mr. ROGERS: I am not sure when my hon. friend took his seat this evening. He may not have been here during the earlier part of my speech to-night; but I am placing on *Hansard* a letter sent from Premier Duplessis to the Prime Minister of Canada in response to the original invitation, and my hon. friend will have an opportunity to read that to-morrow. So far as other statements made by the premier of Quebec are concerned, they have been widely circulated in the public press. I should like to make this point quite clear to the mind of my hon. friend. Three provinces have thus far declined to give their support: Alberta, New Brunswick and Quebec. I spoke particularly of Quebec for the one reason I have indicated, namely that it is one of the great industrial provinces of our country, and also it is the one province which has raised specifically this question of provincial autonomy; and I have found it difficult to understand why, if provincial autonomy were involved, the same objection could not be raised in every province.

Mr. MacNEIL: May I ask if the government has pursued further negotiations with the province of Quebec in order to clarify the situation and remove their objection?

Mr. ROGERS: The situation, I think, has been clarified from time to time since the original letter was sent. As a matter of fact, the whole correspondence has been laid on the table of the house, and I have had myself certain conversations with representatives of some of the provinces with a view to removing any objections which were put forward by them in their original correspondence. But it did seem to me that, after all, this is the proper place in which we might discuss the questions at issue with regard to this great matter of unemployment insurance; and I would thank the hon. member for Comox-

Alberni (Mr. Neill), for the form of his resolution, for the admirable manner in which he has presented it, and for the interesting and profitable debate which has ensued from it.

Mr. GREEN: May I ask the minister a question? Would he explain what differences he considers there are between the difficulties that have been overcome in setting up the present dominion-provincial old age pensions scheme and the difficulties there would be in setting up a model unemployment insurance act under which the dominion would pay those provinces which passed similar acts the whole or, at any rate, a substantial part of the cost? What would be the difference in the difficulties?

Mr. ROGERS: I am not sure whether my hon. friend or the house would desire me to make another speech on the question. Just now there is pressure on all sides for reduction of governmental expense and there are protests against duplication of services. With unemployment insurance on a provincial basis you would have to set up, assuming that all the provinces came in, which is not a necessary conclusion, nine separate commissions dealing with unemployment insurance, nine sets of actuaries, nine complete organizations of inspectors. I suggest that on the question of economy alone, apart from efficiency, the arguments on the side of the national scheme are overwhelming.

Mr. WALSH: May I ask a question?

Mr. SPEAKER: The house is not in committee.

Mr. WALSH: Has the minister thoroughly explored the possibility—

Some hon. MEMBERS: Order.

Mr. WALSH: —of enabling legislation from the provinces?

Mr. LAPOINTE (Quebec East): I suggest that we ought to proceed with the debate.

Mr. O. A. KENNEDY (Edmonton East): It is interesting to note that the minister has been congratulating hon. members on the harmony of the debate, but not one representing the three provinces opposed to unemployment insurance has so far been able to speak. It is now 9.45 p.m., and several members of the Social Credit party who are interested in the debate will find it impossible to speak before the house adjourns.

May I congratulate the hon. member for Comox-Alberni (Mr. Neill) upon the brevity of his address. I cannot agree, however, with the majority of other speakers in what has been said in regard to the wording of the resolution. There seems to be a difference of opinion with reference to the words "contributory insurance." There is a little inconsistency in the phrase, because I would interpret "contributory insurance" to mean a direct contribution from the insured; and yet every hon. member who has spoken today has touched on all other phases of the subject but not on the question of the direct contribution from the insured. Hon. members have mentioned several other schemes in which contributions are to be raised in other ways. If the words "contributory insurance" are to be used, those who have spoken should have touched upon them and expressed their opinion whether they are in favour of a contributory insurance scheme.

I agree with the hon. member for Comox-Alberni that the government should not wait but should undertake as quickly as possible the introduction of some scheme in an effort to help the unemployed in various parts of Canada.

It is with some hesitancy that we speak on unemployment insurance at this time, because to my knowledge the government has not notified the provinces of its plans. We have heard from the minister to-night that a plan has been drafted, but it has not yet been presented either to the house or to the provinces. I suggest to the minister that he send a copy of the bill to the provinces that are not agreeable to the introduction of unemployment insurance at this time, so that they may see exactly what it provides. The government are asking the provinces for permission to amend the British North America Act, and yet they are not telling the provinces for what reasons that act will be amended or what are the details of the unemployment insurance scheme which they wish to introduce.

I suggest that the problem of unemployment is certainly a responsibility of the federal government, but under this resolution as worded it is being taken off the shoulders of the government and put upon the consumers, the vast majority of whom are men and women of the working class. There is no doubt about it that unemployment results from conditions that are beyond the control of any province or municipality, and until the present economic system is reformed the only solution is for the dominion to assume full responsibility for unemployment relief, making such arrangements with the provinces as may be necessary for the proper carrying out of such a plan. Under a contributory plan this would not be the case. The main burden would rest on the working people.

Let me illustrate—and this is a supposition, because we have no information as to any details of the plan. Usually an unemployment insurance plan falls along this line:

The employee pays one-third; the employer, one-third; and the government, one-third. Let us see what would happen under such a plan. The employee's contribution comes directly out of his wages, thereby reducing his purchasing power and at the same time reducing his standard of living. The employer's contribution must be raised out of his business, and he must add it to the cost of his goods or include it in overhead charges. In other words, he is faced with two alternatives. He must make a profit if he is to remain in business. He must therefore either raise prices, thus reducing the standard of living of the consumers, or reduce his overhead charges, which means a further reduction in the salaries of his employees. The contribution by the government, especially the present one, would in all probability take the form of increased taxation, and this would result in lowering the standard of living generally.

These are some of the results of a contributory insurance scheme which are opposed to the aims and objects of good government. It should be the object of good government to seek to improve conditions in the country. Surely it is evident to all that the average wage-earner cannot stand any further reduction in wages. It has already been pointed out that 98 per cent of the wage-earners receive less than $664 per annum. They cannot afford to have these wages further reduced. They are not receiving enough to-day to enable them to enjoy more than a bare existence.

Let me make myself clear. Neither am I nor are the members of my party opposed to any scheme that will improve conditions for the working people of Canada. We are, however, convinced that a system of contributory unemployment insurance cannot help the working man. Unemployment insurance, introduced by governments who have claimed a cure for unemployment, is merely an admission of defeat. It is merely a shifting of the burden over on to the people and the drawing of a red herring across the trail to divert their attention from the real issue. The people of Canada desire security and freedom; yet under unemployment insurance we are asked to render everyone less secure. Taxpayers and workers are to have their security reduced by a reduction in their income to meet the costs of the insurance. The unemployed are to be regimented, controlled and as a body kept in a condition of permanent indigence, presumably in return for the privilege of being permitted to live in this condition in a country capable of supplying them with all their wants. I submit, Mr. Speaker, that the idea is monstrous and is a violation of the democratic right of every citizen of our land to life, liberty and the pursuit of happiness in this economic environment of plenty. It is not unemployment insurance that the people of Canada want; it is employment assurance.

[Mr. Kennedy.]

The Minister of Labour (Mr. Rogers), in discussing unemployment, suggests that we should encourage industry to take up the lag as far as possible. Others follow the argument that was used by the London *Times* on October 27, 1936, which said, "He is a public benefactor who can provide employment for two men where only one was employed before." Once again let me point out that the cost of industry goes into the price of the product of industry; therefore, if the cost of industry is to be increased by more salaries having to be paid, then the price of the product of industry must be raised. The result is another increase in the cost of living, which means reduction of purchasing power, which means less goods sold, the stagnation of industry and more unemployment, and again we have completed the vicious circle and are back where we started but in a worse economic condition than when we started. The sole justification of any industrial system can only be personal consumption. The true function of factories or industry is to produce goods, not make work. If it is the policy of the Minister of Labour to encourage private industry, as far as possible to take up the lag in employment, that is not consistent with the introduction of contributory unemployment insurance. I contend that the introduction of contributory unemployment insurance would defeat that aim. Employers who will be forced to pay part of the insurance premium for each and every one of their employees will endeavour to work with as few employees as possible; thus the introduction of contributory unemployment insurance will tend to greater unemployment.

Another point is that the introduction of a contributory system of unemployment insurance will also have the effect to some extent of taking away from workers their privilege of association to safeguard their own rights. For example, let us suppose that a railway company, a factory or some other industry lowers wages or lengthens working hours. The employees, feeling the treatment to be unfair or unjust, protest to the employer. Nothing is done. The men in an effort to obtain better conditions, threaten to strike. Is it not possible for them to be intimidated into accepting these unfair conditions by the threat of losing their contributions to unemployment insurance? Governments have never moved to better the conditions of the people until the people themselves have turned pressure upon them by effective demand.

Let us for a moment examine the effects of unemployment insurance, or the findings of committees on unemployment insurance in other countries. Several speakers to-day have mentioned the plan in Great Britain. Let us look at the other side for a moment. The theory of the British plan is probably familiar to most Canadians, but here are a few figures which prove that it has not worked out just as was planned. It was launched on something less than its present scale in 1911, on the basis of equal contributions by workers, employers and the state. By the end of March of the fiscal year 1931 it was found that of a total of $493,000,000, employers had paid 15·6 per cent, workers 13·6 per cent and the state 70·8 per cent. That is getting down to being almost non-contributory. It is evident to all that conditions in England, because of dense population, would make the administration easier than would be possible in Canada. Yet we find that in England the cost of administration was from 11 per cent to 13 per cent of the net income of the fund. That means that about $13 out of every $100 paid in went in administration cost rather than to the assured. It is estimated that it takes one official administering the scheme to every 100 unemployed who enjoy its advantages. It is safe to predict that in Canada the cost would be much greater.

In the United States, before the Social Security Act was passed in 1936, they had an investigation inaugurated under ex-President Hoover into unemployment and unemployment insurance. I should like to read two or three paragraphs from the report as presented in 1933:

> . . . Whatever its merits for tiding wage earners over slack seasons and moderate cyclical depressions, it cannot provide for those who are out of work for long periods. An extension of old age pensions to care for such victims of progress may bulk large in future discussions.
>
> The committee is aware of the numerous objections urged against these schemes of social insurance and of the heavy costs which they impose upon society; but it also is impressed with the inarticulate misery of hundreds of thousands or millions of bread-winners who are deprived of their livelihood through no fault of their own.
>
> To put the cost of unemployment squarely upon those who remain at work, upon employers, and upon the public purse, makes everyone conscious of the difficulty, and focuses attention upon the need of devising more constructive methods of dealing with it.

Time does not permit me to go any further into that.

Let us now turn to the commonwealth which is the nearest to the Dominion of Canada, namely Australia. We find there that in December last the introduction of national insurance precipitated a national crisis in the government. The government was deluged with letters from all parts of the commonwealth asking that the imposition of national insurance be postponed at least until the electors were first consulted. I have here a sample of the letters which the people sent to their representatives. Apparently the government of that commonwealth were doing exactly what the government of Canada are doing to-day, that is withholding the details of the plan until they are ready to spring it on the people. The first line in the letter following suggests that:

> Dear Sir:
>
> Having at long last learned the details of the National Health and Pension Insurance Act, I have arrived at the definite conclusion that this act will mean a drastic lowering of the already low standard of living of the majority of the people of Australia by the very fact of reducing their weekly income.
>
> I am therefore taking this opportunity of telling you, as my representative in parliament, that I resent having this imposed upon me without the electors first being consulted by referendum; and I am determined that if you, as my representative, fail to do your utmost to have this undemocratic measure repealed, I will do all in my power to cause you to be replaced at the next election by a representative who will truly represent the wishes of his electors.

Over 300,000 of those letters were sent to the representatives of the people of the Commonwealth of Australia, and as I said it precipitated a national crisis in December which almost overthrew the government.

Unemployment is the greatest problem facing us in Canada to-day. All speakers this session have emphasized this fact; yet we find that the government apparently refuse to go to the root cause of this problem, but content themselves with attempting to bring in palliatives or temporary relief measures. Surely it is evident to all that contributory unemployment insurance is not a cure, but simply a shifting of a responsibility of the government over to the working people. Housing schemes on borrowed money are, in relation to unemployment, not a cure, but just a temporary relief. Work and wages programs on borrowed money are not a cure, but temporary relief, which only aggravates the situation and makes for more serious conditions later on. There are only two reasons for unemployment: First, when we have reached the peak of our production, that is when there is no room for further development, and our source of supply is entirely exhausted; and, second, when all the needs of all our people are supplied.

Unemployment insurance will not assist to correct unemployment in Canada. Surely all hon. members will agree that there is much room for great development in this dominion. There are roads to be built, wealthy areas

to be developed; housing schemes; rehabilitation; rivers to be dredged; parks to be developed; mining areas to be opened up; reforestation; scientific research; and a thousand and one much needed developments; yet we have unemployment. Have we no materials to do this work? Canada is one of the richest countries in the world. Unemployment insurance, by imposing more taxes, cannot help this. We have not begun to scratch the surface of our wealth.

Again, hon. members will surely agree with me that the Canadian people have not all they need to make them a happy and contented nation. Not one hon. member can say that every one of his constituents has everything needed to make him even comfortable. What is the matter? Are there not enough goods to go around? Surely there are. Then why not distribute them? How can the government correlate the fact that our clothing factories are not producing to full capacity, are not employing all that they could, and that we have all kinds of clothing available, yet the vast majority of people in Canada need clothes? How can the government correlate the fact that Canadians need houses? Many people in Canada live in shacks, yet they live literally in the midst of great forests. How can the government correlate the fact that we are curtailing production of foodstuffs and destroying vast quantities of them in Canada to-day, while thousands of people have insufficient food? I repeat, it is not sufficient to bring in temporary measures of relief, palliatives, unemployment insurance, or any other schemes to relieve the situation for a short time. We must drive right into the root or cause and apply the remedy there. It is indisputable that the reason why so many people are unemployed and poverty stricken to-day is simply that our present inadequate financial system has failed to keep up with the progress of the last two generations. Science has progressed in recent years, and so developed the productive system or machine that it is possible to produce with ease all that is needed to supply the wants of the people of Canada. The system of finance or money, upon which the responsibility of distribution falls, has proven itself old-fashioned, a system adapted to the age of scarcity, utterly incapable of the task, and has miserably failed. It needs modernizing, overhauling and rejuvenating. This is definitely the responsibility of the federal government.

A few days ago the Prime Minister (Mr. Mackenzie King) suggested that unemployment was not alone the responsibility of the federal government. I am surprised that he should take this attitude. It is the duty of this government either to remodel the money system so that it will distribute the goods that the people of Canada need, or to take care of the people of this country without imposing any greater penalty by way of more taxes.

I am rather frightened by the implications in the speeches in reply to the speech from the throne, which would indicate that the government is going to force its way through with unemployment insurance. I was worried when the hon. member for Fort William (Mr. McIvor), when speaking on unemployment insurance, intimated that the government must go ahead or blast its way through. What do these statements mean? Do they mean forcing upon the provinces something they do not want, or do they suggest blasting their way through to the pockets of the working people? I submit that is just what contributory unemployment insurance will do.

Again, I am rather surprised at the argument used by the Minister of Agriculture (Mr Gardiner) and the Minister of Labour (Mr. Rogers) when they say that we must secure foreign markets in order to cure unemployment in Canada. I wonder just what attitude other countries will take to this. If it is necessary for Canada to export goods in order to cure her unemployment problem, is this not just as necessary for other countries to cure their unemployment problem?

Australia, for instance, has an unemployment problem somewhat similar to that of Canada. Ten per cent of her population are unemployed or on relief. Yet Canada has a favourable balance of trade of almost $24,000,000 with Australia. How can Australia cure her unemployment, if that is the argument? Will she not have to find foreign markets for her goods? What will happen when the saturation point of all countries has been reached? Do our ministers suggest that when that time comes we shall need a war or some other disastrous method of creating markets, or do they think they can discover some new country or civilization to which they can export, so as to cure our unemployment problem?

Another question in the minds of many people when unemployment insurance is being discussed is this: How are the hundreds and thousands of those Canadian people already unemployed to be provided for? Unemployment insurance, and especially contributory unemployment insurance, is for those who are now employed. I might add that it will benefit only those who are permanently employed. It would bring only temporary assistance to those of our people who are only temporarily employed. Approximately ten per cent of our Canadian people are on relief,

and many thousands more are on the border line, receiving only temporary or seasonal employment. What steps is the government going to take to guarantee economic security for those people?

We come now to another point. Many classes of our workers are not usually included in unemployment insurance schemes. Agriculturists, fishermen, lumbermen, those employed in domestic service, nurses, teachers and many others are usually excluded from the benefits of unemployment insurance. Those people, because of increased prices, increased taxes and the higher cost of living, will be obliged to pay their share of a contributory unemployment insurance scheme, just the same as the rest.

Agriculturists constitute one glaring example. About fifty per cent of our people are on farms. Those citizens, if they are excluded, will have to pay their share of the cost; yet they will not be able to participate in the benefits.

In conclusion, if a plan is to be introduced which will really assist our Canadian people, it must be one which will assist all classes. It must be a plan which will better the living conditions of the people of Canada, rather than make them poorer. Because the wording of the resolution does not make it quite plain that such a scheme should be available to all classes, and because the word "contributory" will make it *ultra vires* of the constitution and will give the government an excuse for not going ahead with any scheme. I propose the following amendment to the resolution, seconded by the hon. member for Kindersley (Mr. Elliott):

That the resolution be amended as follows: That the words "contributory unemployment insurance for" be struck out and the following be substituted "non-contributory unemployment insurance available to all classes in."

Mr. RODOLPHE LEDUC (Wright) (Translation): Mr. Speaker, I wish to congratulate the hon. member for Comox-Alberni (Mr. Neill) on having placed on the order paper the following resolution:

That in the opinion of this house, a national system of contributory unemployment insurance for Canada is a pressing need at the present time and should receive immediate attention.

He has thus provided many hon. members with an opportunity to express their views on a question of such great present-day interest as unemployment insurance.

It is impossible to discuss this question without at the same time discussing the question of amending the British North America Act, for the dominion government cannot establish compulsory unemployment insurance on a national basis in this country without amending the Canadian constitution.

I shall deal first with unemployment insurance itself and then with the necessity of amending the Canadian constitution in order to permit the establishment of unemployment insurance on a national basis.

Unemployment insurance is a form of protection given to the worker who has been employed during a certain number of months of the year and who has contributed to the unemployment insurance fund. It allows him when unemployed to draw benefits from the common fund to which he has contributed.

In other words, unemployment insurance means compulsory saving. It is well known that a large proportion of workers spend their wages from day to day, making no provision for periods of sickness or unemployment.

The proposed system of compulsory and contributory unemployment insurance involves a common fund made up of contributions by the wage-earner, the employer and, in many instances, the State, out of which fund the former draws benefits during periods of forced idleness.

It is recognized by our sociologists and economists that not only is legislation of that kind praiseworthy, but that it is important to put it into force as soon as possible in order partially to solve the problem of unemployment and particularly of direct relief.

Time does not permit me to describe the operation of the various systems of unemployment insurance applied in different countries. I shall simply say that I am convinced of the necessity and urgency of establishing a system of unemployment insurance in Canada, and that I deem it the government's duty to take all means necessary to obtain the consent of the provinces to a constitutional amendment on that point. Indeed, such an amendment is essential if the dominion government is to establish in Canada a nation-wide system of contributory unemployment insurance.

The British North America Act is not a contract, but an Imperial act which can be amended only by the Imperial Parliament.

Our federal system differs from the American one in that the Fathers of the Canadian Confederation insisted on a powerful central authority, while the American federation strengthens the powers of the States. Therefore, in the United States all undistributed powers belong to the parts that make up the whole. In Canada they belong to the federal parliament.

Lord Carnarvon stated in the House of Lords when introducing the British North America Act:

The object in view is to confer on the central government its high functions and almost sovereign powers, enabling it to establish general

principles and uniform laws on questions of equal concern to all the provinces, while leaving to each province sufficient municipal liberty and self-government to allow it to exercise certain local powers to the general advantage.

Lord Sankey expresed a similar view when he gave judgment in favour of the Dominion in the aeronautical case:

The main object of the Act, he said, is to establish a system of government on essentially federal principles.

The distribution of legislative powers is given in sections 91 and 92 of the British North America Act. Consequently, the dominion parliament cannot assume the right to legislate on any subject mentioned in section 92, even on the frequently invoked ground that the matter is an economic one of pressing and national importance, such as unemployment insurance, for in these matters the provinces are sovereign.

We have frequently been told of late that Confederation could survive only on condition that its basic pact remain untouched. To respect provincial rights; to agree with the provinces on a method of amending the constitution, and above all to hold sacred its clauses concerning the right of the minority of their language, their religion and their privileges, that is understood; but to say that the federative agreement, that obsolete instrument, must not be touched at all, is a different matter.

Is it not proper to seek the right to amend the constitution in order to give to the unemployed of the different provinces rights to which they are entitled but which they do not now enjoy? The country is on the brink of ruin while the house discusses the question of the constitutional handicaps which we should nevertheless acknowledge and which it is probably essential to consider and to determine.

Confederation was not made without us. Why are we always endeavouring to isolate ourselves in the province of Quebec as in an Indian reserve? During the economic dislocation to which we must submit, the entire machinery is immobilised in consequence of the ill-will of those who try to establish a state within the state. We know some of the evils affecting the body politic. The healing of a great part of those economic sores depends on the action of the provinces. The federal power will provide some remedies, but, in any case, it is essential to conform our constitution to present conditions and to insure, in the social and economic fields, a greater measure of cooperation between the dominion and the provinces. Our constitution is full of vague statements, difficulties and contradictions, and, for that reason, we move backward instead of forward.

[Mr. Leduc.]

It is time to put a stop to the differences of opinions existing between the dominion and the provinces on the question of jurisdiction. It is time that our governments stop passing the buck.

The minister of justice (Mr. Lapointe), who is considered as the greatest Canadian authority on constitutional law, recently said in a speech that an amendment to our constitution is possible, in order to give the federal government the necessary power to establish unemployment insurance and at the same time to provide better safeguards for the rights of minorities, under a system according to which no change respecting the language, the religion or the political rights of a minority could be made without the unanimous consent of all the provinces,—safeguards that the present constitution does not provide.

I say without hesitation that, to my mind, it is absolutely essential to change our constitution in order to solve social problems and insure suvival of our democratic institutions. I have no hesitation in stating that in those words I am giving expression not only to my personal views, but to those of my constituents and also the great majority of the people of the province of Quebec.

Canadian unity is endangered by the lack of legal cohesion, by our antiquated constitution which does not meet our present needs. Without anticipating a future discussion, I hope the Sirois commission will show us a way of giving life to the federative agreement. The irresistible evolution of men and things, the progress of modern times and of civilization have rendered imperative a remoulding of constitutions. Obsolete monarchies are out of date. Empires shake on their foundations. The abuses of democracy have engendered dictatorships. The entire world craves for innovations, which it sometimes seeks in the unfortunate aberrations of totalitarian systems. But, no matter! The failure of old governmental ideas has created, in certain nations, a taste for adventure. Let us hope, sir, that, in the general panic, our people will keep cool. Changes to be made in our constitution will have to be to the advantage of our people, who want to be freed from that strait-jacket in order that they may fulfil their destiny. It is impossible to place unemployment insurance on our statute books without the consent of the provinces. Let us wish also that a really national spirit will replace that sulkiness which was responsible for a lack of cooperation shown in certain quarters towards the Sirois commission. Let us hope that Canadian ideals will inspire our legislators so that the great wind of progress may fill the sails of our

Canadian ship. Such unity of inspiration is the necessary foundation of our prosperity and our economic development.

On behalf of the youth of the country who envisage the future with dismay, on behalf of those who believe that all is not yet lost, and on behalf of those who have kept at the bottom of their soul a glimmer of hope, I ask the legislators of my country to make the final effort which will bring our beloved Canada to the fulfilment of its glorious destinies.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, I am glad to have this opportunity of saying a few words in support of the motion before this house and at the same time speak to so many empty chairs. The reception accorded to this motion to-day is quite different from the reception given in 1927 to a motion of this kind introduced by myself. When I introduced a motion in 1927 to approve a policy of unemployment insurance, it received a rather hostile reception, and I am glad to note the great change that has come over this house in a period of twelve years. At this late hour it is not my intention to speak at any particular length; I wish to say just a few words in general support of the motion.

I am surprised to find an amendment moved at this late hour by the hon. member for Edmonton East (Mr. Kennedy), speaking on behalf of his group. I have a great deal of sympathy with the proposal to introduce a scheme of non-contributory unemployment insurance, but if the government is not prepared to accept such a scheme I am quite prepared to accept a contributory scheme of unemployment insurance. I believe that once we adopt the principle, as years go along we shall add to the measure, in exactly the same way as has been done in Great Britain. I was surprised at the emphatic rejection by my hon. friends to my left of the principles enunciated in the proposal of the hon. member for Comox-Alberni (Mr. Neill).

I speak with a little knowledge and understanding of the labour movement in Canada. So far as I know, every labour organization in this country, whether represented by the international unions, the national unions, or the Catholic unions in the province of Quebec, has gone on record as being in favour of a contributory system of unemployment insurance. Now, lo and behold, we find a new spokesman for labour rising in his place and telling us that they do not want this system of contributory unemployment insurance.

Mr. MacNICOL: Who was that?

Mr. HEAPS: The hon. member for Edmonton East (Mr. Kennedy). Why do I say that if I cannot get one form of insurance I am prepared to accept the other? I do so because of my experience with the working people, among whom I have worked and with whom I have lived for so many years, both here, and, as a young man, in Great Britain. If there is one thing I would try to retain in this day it is the manhood and self-respect of the great mass of people now on relief. I know how difficult it is for the average worker who finds himself unemployed to go to a relief office and for the first time become the recipient of public relief. Sometimes it requires nerves of steel for a man to undertake such a task. I have known men to undergo the greatest hardships and to have their families suffer the utmost misery before they could force themselves to become the recipients of public relief. So I say that if we had a system of unemployment insurance under which the state, the employer and the employee would contribute, at least when a man became unemployed he would receive his cheque at the end of the week or the end of the month, and to a certain extent this would help him retain that manhood to which I think every man in Canada has a right.

Some statements were made this evening by the minister with respect to the system in the United States. After all, we must regard what is being done there under the Social Security Act as more or less of an experiment, but if my understanding of the situation in the United States is correct, this was about the only way by which they could circumvent the constitution. There they have a completely different problem from the one we have in Canada; for the simple reason that there they have forty-eight states with which to contend, whereas here we have only nine provinces. Sometimes we think nine are too many; and if some day events should move in such a direction that we could reduce the number of our provinces to five, I think it would be so much the better for this dominion. That experiment in the United States is something worth while, and I think out of their trials and experiences ultimately they will arrive at a much better method of dealing with unemployment insurance than they have at present. But there, in order to overcome the constitution, they took action, and that is the important thing. Whether the action is right or wrong we cannot say. I remember quite well thirteen years ago, when in this chamber we undertook to bring in a scheme

of old age pensions, we found the same difficulties that we are experiencing to-day in connection with unemployment insurance.

What have I to complain about now? Well, I do complain when the Minister of Labour (Mr. Rogers) rises in his place to-night and practically says we are going to do nothing until such time as all the provinces combine to make a united move in a certain direction. I do not think that is expressing a desire or even an intention that within a reasonable time the people of this country may expect a national system of unemployment insurance. I am anxious that something be done. I am disappointed beyond words at the attitude of some of the provincial premiers. I disapprove the attitude of the premier of Alberta and the attitude of the premier of Quebec on this question; for I believe that by bringing in a scheme of unemployment insurance we really would be doing a good thing for the provinces concerned. Sometimes when I hear these two premiers speak about the unity of Canada, I think they could do nothing better at this time to promote unity than to give their consent to the inauguration of a national system of unemployment insurance.

Let it be stated at once that, as far as I am concerned, I do not believe for one moment that any scheme of unemployment insurance we might introduce here would wholly solve the problem of unemployment. Rather than support unemployment insurance I would far sooner have the government embark upon a scheme which would provide employment assurance, something which has been promised both within and without this chamber so often in the past. But if we cannot have a system which will give our people a certain amount of economic security by providing them with work, then I think it is up to the government to see that we have a comprehensive and all-embracing system of unemployment insurance which at least will give our working people a certain measure of economic security which they do not possess at the present time.

If, as the government say, they have pigeonholed away somewhere a scheme that they hope to introduce into this chamber at some time in the future, I hope that scheme will be as wide and as all-embracing as the hon. member for Essex East (Mr. Martin) suggested this afternoon. We have advanced so far since unemployment insurance was first introduced that to-day the problem is entirely different from that which existed in 1911 when this system was first introduced in Great Britain. If my memory serves me correctly, at that time the unemployed in Great Britain, according to trade union statistics, would average somewhere in the neighbourhood of seven per cent. Our unemployed to-day probably would run in the neighbourhood of 25 per cent, or at the very least, 20 per cent. So I think we shall have great difficulty, bearing in mind the vast amount of unemployment with which we have to contend at the present time, in drafting a scheme sufficiently all-embracing to take care of the 400,000 people who are at present unemployed.

I feel, Mr. Speaker, that if we are going to give hope to these people who are, let us say, partly unemployed and who expect some day to be in the ranks of the unemployed, we ought to give them some idea of what an unemployment scheme is going to do. When the minister told us the government had a measure ready to deal with this question, I was disappointed in that he did not at least tell us the scope of the measure or what were the immediate plans of the government. That is my main disappointment as far as his speech is concerned, because with the rest of it I entirely agree. I do not complain with regard to what the minister said; my complaint is rather with regard to what he omitted to say.

What is the immediate policy of the government as far as unemployment insurance is concerned? Must we wait now until all the provinces say they are prepared to come under a federal scheme and then have the constitution changed? Is that the present suggestion? If it is, I would far rather have the government come forward with an alternative proposal. I would far rather have the government say, "Well, we will introduce a measure and make it permissive, so that all the provinces wishing to do so may come under the scheme." I am quite sure I suggested proposals along these lines in this chamber in 1929. At that time the excuse of the government was that they could not introduce such a measure because the provinces did not want it. If I had to introduce a measure of this kind into this chamber, I would make it a condition that it should not become operative until at least five or six of the provinces signified their intention of coming under its scope. If that were done, I believe in a very short period all the provinces would come under the scheme, provided the government would make it sufficiently attractive.

I want to resume my seat because there are other hon. members who wish to speak this evening; but before I do so, let me add that, in order to induce the provinces to adopt the scheme, I would have more than one-third of the cost assumed by the federal government. If the federal authority assumed, say fifty per cent of the entire cost, they would not lose anything. We should over-

come the constitutional difficulty; in a very short period probably all the nine provinces would adopt the scheme because they would be relieved by the federal government of a greater part of their responsibilities; the federal government would also benefit by a reduction in the amount of unemployment relief which they are paying at the present time. I feel sure that with the incentive of a fairly large contribution from the federal exchequer, even though this government brought in permissive legislation it would not be long before it would be accepted by the nine provinces of the dominion.

Hon. H. A. STEWART (Leeds): At this stage of the debate I shall be very brief in any remarks that I have to make. The question of unemployment insurance has been on many occasions before this house. If I recall correctly, the platform of the Liberal party in 1919 contained a plank which pledged that party to the introduction and establishment of a scheme of unemployment insurance. That party came into power in 1921, and the question slept from 1921 until 1930, although during that time industry was prosperous and conditions were favourable to the establishment of a contributory scheme of unemployment insurance.

Mr. HEAPS: May I point out to my hon. friend that we had a committee of the house considering this matter in 1928-29.

Mr. STEWART: Yes, but so far as the then government was concerned no action was taken. That is the point I want to make. I think the Minister of Labour (Mr. Rogers) will admit that from 1930 until the present the conditions of industry have not been favourable for the establishment of a scheme of this kind—not as favourable as they were between 1921 and 1930.

The question has always been beset by difficulties arising from the divided jurisdiction of the provinces and the dominion. As I understand it, the minister would like to introduce a scheme which might be adopted on a firm basis, on a basis that would be free from controversy as to jurisdiction, and he thinks it would be preferable to have it as a national scheme under the control of the dominion parliament. He said that Mr. Bennett on his return from Geneva changed his position. I think he made use of an expression which questioned the motives of that right hon. gentleman. I believe he said he changed his tactics, and that it was a case of the shifting sands of political expediency. I do not think that was quite worthy of the minister. I want to point out to him that if he looks up the record of that government he will find very little in its actions, very little in Mr. Bennett's policy, that was based on what he calls "the shifting, sinking sands of political expediency." No government in the history of Canada had less regard for the political consequences of its acts.

Mr. ROGERS: Will my hon. friend permit a question on that point? He may recall that last year when this matter was discussed, Mr. Bennett stated that the reason he changed his view was the decisions given in the radio case and the aviation case. Now the radio case and the aviation case were both decided, if I remember correctly, some years before; and in the second place they had no application whatever to the Employment Insurance Act; they had to the wages bill and to the hours bill, but they had no relation whatsoever to the Employment Insurance Act.

Mr. STEWART: That may be true in part, but what did the minister say? He said that Mr. Bennett after his return from Geneva changed his position, and that has great significance, because I am going to read for him now the preamble of this statute of 1935.

Mr. ROGERS: I have it here.

Mr. STEWART: Yes, but I am going to read it:

Whereas the Dominion of Canada was a signatory, as part of the British empire, to the treaty of peace made between the allied and associated powers and Germany, signed at Versailles, on the 28th day of June, 1919; and whereas the said treaty of peace was confirmed by The Treaties of Peace Act 1919; and whereas, by article 23 of the said treaty, each of the signatories thereto agreed that they would endeavour to secure and maintain fair and humane conditions of labour for men, women and children, both in their own countries and in all countries to which their commercial and industrial relations extend, and by article 427 of the said treaty declared that the well-being, physical, moral and intellectual, of industrial wage-earners is of supreme international importance; and whereas it is desirable to discharge the obligations to Canadian labour assumed under the provisions of the said treaty; and whereas it is essential for the peace, order and good government of Canada to provide for a national employment service and insurance against unemployment, and for other forms of social insurance and for the purpose of maintaining on equitable terms, interprovincial and international trade, and to authorize the creation of a national fund out of which benefits to unemployed persons throughout Canada will be payable and to provide for levying contributions from employers and workers for the maintaining of the said fund and for contributions thereto by the dominion: Therefore His Majesty, by and with the advice and con-

sent of the Senate and House of Commons of Canada, enacts as follows:—

Then follows the statute. I want to know if there is any firmer basis upon which the dominion could assume to act than the fulfilment of a treaty obligation. I find in that, Mr. Speaker—

Mr. ROGERS: It was rejected by the court, completely.

Mr. STEWART: —an attempt to put this act upon grounds that, had it been maintained by the privy council, would have placed the jurisdiction of this parliament beyond question. That was the objective.

Mr. ROGERS: It was rejected by the court, completely.

Mr. STEWART: Quite so. Not "completely"; a divided court.

Mr. ROGERS: On that point, rejected by the court.

Mr. STEWART: Oh, yes, it was rejected. But I say there was the attempt not to play politics and to place the jurisdiction of this parliament upon what looked to be a firm, sound basis, beyond question, where there would be no controversy between the provinces and the dominion in this field. The minister says that it was an attempt to play politics with the matter. Let me remind him of the action of the opposition of that day. Why, they criticized the act on the same ground that the minister is taking tonight, the one of jurisdiction, and questioned its validity. The present Minister of Justice (Mr. Lapointe) took that position; and although they professed to believe that the act was not sound, that it could not be maintained, each and every one of them voted for that act—for political expediency.

Mr. ROGERS: They supported the principle.

Mr. STEWART: Was that action based on the "shifting, sinking sands of political expediency"? Why did they not take their courage in their hands and oppose that act?

The act went to the courts. It was declared invalid. Nothing has been done since except to communicate with the provinces and to ask for an approval of an amendment to the British North America Act.

Mr. ROGERS: What would my hon. friend have done?

Mr. STEWART: Under the circumstances I think I would have devised some scheme of unemployment insurance along the lines suggested here, giving the provinces the option of taking advantage of it. It would be better than doing nothing, which this government has been guilty of. Nothing has been done. This has been an effective way of getting delay and setting up the opposition or lack of co-operation of the provinces as an excuse for inaction. Let us see the position of Mr. Duplessis. He has been pictured as one opposing the adoption of some scheme of unemployment insurance. I have here a copy of his letter dated December 30, 1937, addressed to the Prime Minister of Canada. It reads:

My dear Premier:

Your answer to my letter dated November 22nd was handed to me on the day of your departure for your recent holidays and I preferred to await your return before replying.

In your second letter, you repeat the views you expressed in your first one, adding that you are convinced that enabling or concurring legislation would be uncertain and unstable.

Old age pensions—one of the many similar instances—which you enacted and enforced and which was approved and amended by your successors in office, a few years later, is based on enabling legislation.

Moreover, as stated previously, there are also other ways of realizing unemployment insurance which would safeguard provincial autonomy. If enabling legislation, as you declare, is uncertain and unstable, what do you think of the stability and certainty of a federal legislation on unemployment insurance which could essentially be changed or modified, every year, by the federal parliament?

The government of the province of Quebec considers that the best elements of stability and certainty are within the British North America Act and that it is much safer to preserve the stability of the constitution.

In conclusion, again I state that the province of Quebec is willing to cooperate heartily in the establishment of a sound and fair system of unemployment insurance, which could be established on a national scope, without infringing upon the rights and autonomy of the provinces.

There, I submit, is an offer for cooperation on a basis that could be worked out just the same as old age pensions. The minister says it would mean additional expense and overlapping if that system were adopted. Perhaps it might, but it seems to me that it is better than doing nothing at all, and that we could work out a scheme if the government really desired it.

The government say they have a draft bill. I think they have a pretty good draft bill in the one that was submitted to the court. That contains the skeleton and it was worked out with great care. A basis for action is found there, and I do urge the government, in view of their pledges and promises, and the fact that it is a plank in their platform, that they take some action to show that they are in earnest, that they really want to do something about unemployment insurance in Canada, and that they are not really just taking

advantage of every opportunity to invoke delay as an excuse for failure to take any action at all.

Mr. NORMAN JAQUES (Wetaskiwin): We all realize that the mover of the resolution (Mr. Neill) desires nothing but the improvement of the employer and employee's condition and that of the working people of Canada, and if we in this group do not agree with his precise plan, I can only hope that he will credit us with a similar desire.

In the few minutes left at my disposal I have not time to go into our case; but, shortly, our objection to unemployment insurance is that it causes, like all other saving of money, a shortage of purchasing power and therefore aggravates the conditions which it is supposed to help. Furthermore, unemployment insurance differs from any other insurance in that it insures acts of men, whereas of course ordinary insurance is an insurance against acts of God. That is a fundamental difference; and as my colleague says, it would leave those who are insured open to tyranny from threats if they were to strike for better conditions.

I represent an agricultural constituency, and so far as my people are concerned, we should get little or no benefit but should have to pay our share of the bill, because the government would have to recoup itself for its share through taxation, and the employer would have to put his share into prices. The leader of the opposition (Mr. Manion) was kind enough to say the other night that we in this group know less about money and economics than any other people on God's green earth. That, of course, may be a matter of opinion, but I do not think anyone can accuse us of any reluctance to learn something about money and to discuss it. We have open minds at any rate; and if I may say so, after three years of fairly attentive listening in this house, I have come to the conclusion, so far as I have been able to hear and understand, that not only is this house ignorant of money but that it has no desire to learn anything about it. It does not even want to discuss money, so far as I have been able to find out while I have been sitting here listening. That being the case, I should like to quote from someone who is an authority not only on money but also on insurance.

I have here a pamphlet called Banking and Industry. It is not a social credit pamphlet, nor is it written by a social crediter, but is by an insurance actuary. It is a paper that was read before the Actuarial Society of Great Britain. I would say that the opinions of an insurance actuary given before the Actuarial Society of Great Britain are certainly worthy of the respect of this house. Dealing with savings he says this:

> In conclusion it might be pointed out how important it is that assurance companies should study the economic effects of saving.
>
> In this connection it will be remembered that in a recent discussion by the society relating to the Cohen report it was pointed out that the officers expected to receive a pat on the back for their services in inculcating thrift; instead of which they were told that it was doubtful whether it was a good thing that money should be dragged out of the pockets of the working man for assurance when it could be better employed in feeding and clothing the man and his family while he was alive. Furthermore if, as has been indicated earlier, every penny saved causes a dislocation of industry, the good rendered to the community by saving is not so apparent. Assurance companies, therefore, if only to safeguard their own position, should look with favour on any plan which will have the effect . . . of counteracting the evil which results at the present time from savings reducing effective demand for the products of industry.

Those are not the words of anybody in this group, or even of social crediters; they are the words of an insurance actuary. It has been pointed out that while this is not, and is not intended to be, a cure for unemployment, it is proposed as a help to the misery caused by unemployment. But before we prescribe anything to alleviate the pain of a disease, we surely should be certain that we are not going to make that disease worse. If, as we believe and as a growing number of people, including some of the ablest economists and financiers in the world believe, the really fundamental cause, or the main cause, of unemployment, is a shortage of purchasing power, surely we should do well to make certain that in prescribing a palliative for it we are not going to make the disease worse. If it is the case, and I believe it is, that we are suffering from a lack of purchasing power, it would be like saying to a man who is suffering from anaemia: You have the beginnings of anaemia, and since you are probably going to be worse in time to come we are going to extract a pint or a quart of your blood and keep it, so that if and when you do get worse you will have some blood to fall back on. But as we see it, by the extraction of that blood you immediately make the man seriously ill. What he wants is not blood taken from him but some blood pumped into him, then he will not have anaemia at all but will be up and doing. We believe that if by any means we could put sufficient blood into the economic body of Canada, it would do away with this anaemia which is the cause of unemployment, and instead of having half a million people on relief, every able-bodied man who wanted work would be able to find it. That seems to me to be a reasonable attitude.

I notice that the hon. member for Winnipeg North (Mr. Heaps) seemed to think that we in Alberta, and of this group, were against any help to the working man, simply because we see that in helping him in this way we would probably make his condition worse than it now is. I think my colleague the hon. member for Edmonton East (Mr. Kennedy) made a good point when he mentioned the power that would be conferred on the state by such a scheme as this, because a man who has paid for unemployment insurance for a number of years would hesitate to do anything which might endanger his benefits. He would think twice before he agitated or struck for better conditions. That would be giving the state a great power over the working man. Already power is much too concentrated. That is a danger not only in Europe where, with the exception of two countries, and they not seeming very anxious to get away from it, dictatorship is a fact; but it is on its way here, and therefore we in this group are against anything that tends to concentrate power either in the dominion government or in this house. We think the power is too much centralized now.

Mr. LAWSON: How would going on strike interfere with a man's benefits under unemployment insurance?

Mr. JAQUES: I am afraid that under the system the insured would give a hostage to those who control the system. They could be told, "All right, strike, but you lose your unemployment benefits."

Mr. LAWSON: How could he be told that? The statute has its provisions. Any unemployment insurance act would contain provisions as to the conditions under which a man drew benefits, and any reasonable act would have in it the provision that there would be a hiatus or something for the period of a strike.

Mr. JAQUES: I am not saying that it would, but I say it could and probably would. For these reasons I cannot subscribe to the resolution.

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

END OF VOLUME I